




## Office of Inspector General

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

# MEMORANDUM

DATE: December 8, 2022

TO: Board of Governors

FROM: Mark Bialek   
Inspector General

SUBJECT: 2023 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 \$54,114,969 for 2023, as shown in table 1 by parent account, which represents a 6.5 percent increase from the 2022 forecast (and a 5.3 percent increase from the 2022 operating budget)
2. a single-year total capital budget of \$235,512 for 2023, as shown in table 1, to purchase five replacement vehicles for our Office of Investigations and to purchase new investigative equipment

## Discussion

Our 2023 funding request will allow us to implement activities in support of our *Strategic Plan 2017–2020*. We extended this strategic plan because of the uncertainty caused by the COVID-19 pandemic, and we plan to issue an updated strategic plan in 2023. 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 of Governors of the Federal Reserve System'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 chief financial officers of the Board and the Consumer Financial Protection Bureau. We are providing a copy of this budget request to the CFPB 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 2023 Budget**

Parent account	2022 budget	2022 forecast	2023 budget request	Increase (decrease), 2022 forecast to 2023 budget		Increase (decrease), 2022 budget to 2023 budget	
				\$	%	\$	%
Personnel services	\$31,238,247	\$30,931,227	\$33,092,686	\$2,161,459	7.0	\$1,854,439	5.9
Goods and services	\$20,144,104	\$19,880,950	\$21,022,282	\$1,141,333	5.7	\$878,178	4.4
<b>Total operating budget</b>	<b>\$51,382,351</b>	<b>\$50,812,177</b>	<b>\$54,114,969</b>	<b>\$3,302,791</b>	<b>6.5</b>	<b>\$2,732,618</b>	<b>5.3</b>

Category	2022 budget	2022 forecast	2023 budget request	Increase (decrease), 2022 forecast to 2023 budget		Increase (decrease), 2022 budget to 2023 budget	
				\$	%	\$	%
Equipment purchases and life cycle replacements	\$0	\$0	\$235,512	\$235,512	n.a.	\$235,512	n.a.
Single-year capital	\$0	\$0	\$235,512	\$235,512	n.a.	\$235,512	n.a.
Authorized positions	142	n.a.	142	n.a.	n.a.	0	0.0

Note: Components may not sum to totals because of rounding.

n.a. not applicable.

In accordance with our statutory responsibilities, we provide independent oversight by conducting audits, evaluations, investigations, and other reviews relating to the programs and operations of the Board and the CFPB. We make recommendations to improve the economy, efficiency, and effectiveness of Board and CFPB 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. We are also 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. In addition, we are a member of the Pandemic Response Accountability Committee, which provides transparency into the federal government's COVID-19 pandemic response spending.

## ***Operating Budget***

For 2023, our personnel services budget request is \$33,092,686, which is an increase of \$2,161,459 (7.0 percent) over our 2022 forecast (and \$1,854,439 or 5.9 percent over our 2022 budget). Our personnel services budget is expected to increase as the result of increases to staff salaries and merit percentages for 2023 and a decrease in our budgeted vacancy rate to 7.8 percent for 2023 to reflect more-recent net employment trend data. Our current staffing level is 129, which is a net increase of 1 over our 2021 year-end staffing level and represents an 9.2 percent vacancy rate. We are working diligently to fill our vacant positions.

For 2023, our goods and services budget request is \$21,022,282, which is an increase of \$1,141,333 (5.7 percent) over our 2022 forecast (and \$878,178 or 4.4 percent over our 2022 budget). Our goods and services budget is expected to increase as the result of increases in travel, training, and non-IT equipment purchases. Our 2023 goods and services budget request aligns with our new operating environment as we emerge from the COVID-19 pandemic.

The 2023 total operating budget is \$54,114,969. In 2023, we expect to receive \$16,234,491 in earned operating income from the CFPB, with the remaining 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 CFPB. For 2023, we anticipate this allocation to be 70 percent Board and 30 percent CFPB, consistent with the allocation used for the 2022 budget. Based on the 2023 budget of \$54,114,969 as shown in table 1, we estimate that the Board's allocation will be \$37,880,478 (70 percent) and the CFPB's allocation will be \$16,234,491 (30 percent). We began incorporating earned income from the CFPB 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).

## ***Capital Budget***

For 2023, our single-year capital request is \$235,512. Of this amount, \$200,000 will be used to replace five vehicles from our Office of Investigations' fleet because of their age and increased repair costs. The remaining \$35,512 will be used to purchase new equipment for agent training and for conducting important law enforcement operations.

## ***Upcoming New Projects***

Over the past year, our Office of Investigations has been examining its field office locations and office space leases in order to streamline program administration and ensure agents are located in the most cost-effective and strategic locations relative to their work. Through this effort, we foresee moving our San Francisco field office into new office space and opening a fifth field office in a new location. We will continue to work with Board and Federal Reserve Bank partners over the coming months to finalize these plans and estimate costs. Because cost projections are not complete at this time, this budget request does not include any funds for these new projects; rather, we will request funds through a future annual budget request process or a mid-year request once cost projections are complete and we are ready to move forward. Although these projects do not affect the current budget, we mention them in this memorandum to ensure that the Board is aware of this important, strategic effort.

## **2022 Budget Performance**

We forecast we will underrun our 2022 operating budget by \$570,174 (1.1 percent). We forecast we will underrun our personnel services budget by \$307,019 (1.0 percent) and our goods and services budget by \$263,154 (1.3 percent). The underrun in personnel services is primarily driven by staff attrition and decreased use of transit benefits resulting from remote work. The underrun in goods and services is driven by reduced training expenses; contingencies related to remote work that were ultimately not used; and the extension of our *Strategic Plan 2017–2020*, which reduced planned contractual services spending. Some of these underruns were offset by increases in travel spending throughout the year.

## **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 CFPB 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 2023 budget request is included as attachment 2. Please contact me if you have questions or wish to discuss this matter further.

### Attachments

cc: Rohit Chopra, Director, Consumer Financial Protection Bureau  
Ricardo A. Aguilera, Chief Financial Officer, Board of Governors of the Federal Reserve System  
Dana James, Acting Chief Financial Officer, Consumer Financial Protection Bureau

**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 2023 budget:

- The OIG's proposed 2023 operating budget is \$54,114,969, excluding the earned operating income from the CFPB.
- The portion of the budget needed for OIG training-related costs during 2023 is \$404,900.
- The portion of the budget needed to support the operation of the Council of the Inspectors General on Integrity and Efficiency is \$143,871.

I certify as the inspector general for the Board and the CFPB that I believe the amount I have requested for training satisfies all OIG training needs for calendar year 2023.

**Attachment 2****Summary of the OIG's 2023 Budget Request**

Budgeted summary account	2022 budget (in \$)	2022 forecast (in \$)	2023 budget request (in \$)	Increase (decrease), 2022 forecast to 2023 budget		Increase (decrease), 2022 budget to 2023 budget	
				\$	%	\$	%
Salaries	24,542,607	24,357,107	26,057,332	1,700,225	7.0	1,514,725	6.2
Retirement/thrift plans	4,383,094	4,419,822	4,633,389	213,567	4.8	250,295	5.7
Employee insurance	2,072,610	1,920,912	2,149,439	228,527	11.9	76,829	3.7
Outside agency help	239,936	233,385	252,526	19,140	8.2	12,590	5.2
<b>Personnel services</b>	<b>31,238,247</b>	<b>30,931,227</b>	<b>33,092,686</b>	<b>2,161,459</b>	<b>7.0</b>	<b>1,854,439</b>	<b>5.9</b>
Postage and shipping	600	256	600	344	134.5	0	0.0
Travel	511,957	635,443	611,042	(24,401)	(3.8)	99,085	19.4
Telecommunications	288,040	200,946	234,000	33,054	16.4	(54,040)	(18.8)
Supplies	99,220	99,314	67,657	(31,656)	(31.9)	(31,563)	(31.8)
Software	382,273	347,869	353,441	5,572	1.6	(28,832)	(7.5)
Furniture and equipment (F&E)	231,700	206,142	408,337	202,196	98.1	176,637	76.2
Rentals	18,769	24,177	26,726	2,548	10.5	7,956	42.4
Data, news, and research	98,149	89,948	106,084	16,136	17.9	7,935	8.1
Repairs and alterations—building	1,000	9,718	1,000	(8,718)	(89.7)	0	0.0
Repairs and maintenance—F&E	55,871	76,173	60,536	(15,636)	(20.5)	4,666	8.4
Contractual professional services	1,411,153	1,202,314	999,525	(202,790)	(16.9)	(411,628)	(29.2)
Training and dues	556,592	458,785	558,943	100,158	21.8	2,351	0.4
All other	1,000	1,779	7,000	5,221	293.4	6,000	600.0
Depreciation/amortization	147,780	188,086	227,391	39,305	20.9	79,611	53.9
Support and overhead	16,340,000	16,340,000	17,360,000	1,020,000	6.2	1,020,000	6.2

Goods and services	20,144,104	19,880,950	21,022,282	1,141,333	5.7	878,178	4.4
<b>Total operating budget</b>	<b>51,382,351</b>	<b>50,812,177</b>	<b>54,114,969</b>	<b>3,302,791</b>	<b>6.5</b>	<b>2,732,618</b>	<b>5.3</b>
Operating income	(15,414,705)	(15,414,705)	(16,234,491)	(819,785)	5.3	(819,785)	5.3
<b>Estimated operating budget (Board portion)</b>	<b>35,967,645</b>	<b>35,397,472</b>	<b>37,880,478</b>	<b>2,483,006</b>	<b>7.0</b>	<b>1,912,833</b>	<b>5.3</b>
<b>Category</b>							
Equipment purchases and life cycle replacements	0	0	235,512	235,512	n.a.	235,512	n.a.
<b>Single-year capital</b>	<b>0</b>	<b>0</b>	<b>235,512</b>	<b>235,512</b>	<b>n.a.</b>	<b>235,512</b>	<b>n.a.</b>

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

n.a. not applicable.