



**Office of Inspector General**

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

## MEMORANDUM

DATE: December 12, 2017

TO: Board of Governors

FROM: Mark Bialek  
Inspector General

A handwritten signature in blue ink, appearing to read 'Mark Bialek', is written over the printed name and title.

SUBJECT: 2018 Budget Request for the Office of Inspector General

### Action Requested

Approval of the 2018 budget for the Office of Inspector General (OIG), as follows:

1. An operating budget of \$35,914,599, which represents a 4.8 percent increase over our 2017 budget.
2. A single-year capital budget of \$120,000, which includes the purchase of three replacement vehicles for our Office of Investigations.
3. The closure of our \$3.2 million multiyear capital budget, which funded the construction of temporary and permanent office space in our Chicago, Miami, New York, and San Francisco field offices, the purchase of audiovisual equipment for our field offices and for our headquarters collaboration space, and the buildout of additional office space in our San Francisco office.

### Discussion

Our 2018 funding request serves to implement activities in support of the second 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 of Governors of the Federal Reserve System’s (Board) 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 Acting Chief Financial Officer of the Consumer Financial Protection Bureau (CFPB). We are providing a copy of this budget request to the Acting Director of the CFPB 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 2018 Budget Components**

Component	2017 operating plan	2018 budget request	Increase (decrease)	% increase (% decrease)
Personnel services	\$25,760,015	\$27,663,905	\$1,903,890	7.4
Goods & services	\$8,496,080	\$8,250,694	(\$245,386)	(2.9)
<b>Operating</b>	<b>\$34,256,095</b>	<b>\$35,914,599</b>	<b>\$1,658,504</b>	<b>4.8</b>
Single-year capital	\$0	\$120,000	\$120,000	n.a.
Multiyear capital	\$3,224,000	\$0	(\$3,224,000)	(100)
Number of positions	132	132	0	0

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 CFPB. We make recommendations to improve the economy, efficiency, and effectiveness of Board and CFPB 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 2018 budget includes a total of \$27,663,905 for personnel services, which is an increase of \$1,903,890 (7.4 percent) over 2017, with no request for new positions. This increase is the result of a lower vacancy rate; an increase in our accrued annual leave costs; and other salary drivers, such as merit pay, promotions, equity adjustments, and associated benefits increases.

In 2017, we continued to fill vacancies and hired 7 new employees to date, lowering our vacancy rate from 6.8 percent at the beginning of 2017 to 3.0 percent at the lowest point. Our current staffing level is

126, which represents a 4.5 percent vacancy rate, and we expect to fill 3 of our 6 vacant positions during the first quarter of 2018.

For 2018, our goods and services budget request is \$8,250,694, which is a decrease of \$245,386 (2.9 percent). Within this category, the overall decrease is driven by reductions in (1) contractual professional services, because our strategic planning efforts and other services are substantially completed; (2) depreciation and amortization, because several vehicles and information technology (IT) equipment items reached the end of their useful life and became fully depreciated; and (3) the Board IT user charge, because the migration of our internal IT infrastructure to the Board was substantially completed during 2017.

## Capital

We are requesting \$120,000 for new single-year capital funding for 2018 to replace three vehicles due to age and increased repair costs. Regarding multiyear capital funding, we completed the construction of additional office space in our San Francisco field office in 2017. This office expansion completes the planned use of the \$3.2 million multiyear capital budget. Actual project life expenditures for each project have an estimated total cost of \$2,590,448 (table 2).

**Table 2. Actual project life expenditures**

Project	Actual project life expenditures
Miami	\$326,029
Chicago	\$351,594
San Francisco	\$577,275
New York	\$868,892
Additional San Francisco office space	\$275,589
Field office equipment	\$57,591
Headquarters collaboration room A/V equipment	\$133,480
<b>Total</b>	<b>\$2,590,448</b>

Note: Expenditures may not sum to total due to rounding.

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 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 2018 budget request is included as attachment 2. Please contact me if you have any questions or wish to discuss this matter further.

Attachment

cc: Mick Mulvaney, Acting Director, Consumer Financial Protection Bureau  
Ricardo Aguilera, Chief Financial Officer and Director, Division of Financial Management, Board of Governors of the Federal Reserve System  
Dana James, Acting Chief Financial Officer and Acting Assistant Director, Office of the 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, was amended to require certain specifications concerning OIG budget submissions each fiscal year.

In accordance with these requirements, the OIG submits the following information related to its proposed 2018 budget:

- The OIG's proposed 2018 operating budget is \$35,914,599. We are requesting \$120,000 in single-year capital funds.
- The portion of the budget needed for OIG training-related costs during 2018 is \$477,180.
- The portion of the budget needed to support the operation of the Council of the Inspectors General on Integrity and Efficiency is \$71,829.

I certify as the Inspector General for the Board and the CFPB that I believe that the amount I have requested for training satisfies all OIG training needs for calendar year 2018.



## Attachment 2

## Summary of the OIG's 2018 Budget Request

Category	2017 operating plan	2018 budget request	Increase (decrease)	% increase (% decrease)
Salaries	\$20,649,175	\$22,261,619	\$1,612,444	7.8
Retirement/thrift plans	\$3,186,399	\$3,481,002	\$294,603	9.2
Employee insurance	\$1,924,441	\$1,921,284	(\$3,157)	(0.2)
<b>Personnel services</b>	<b>\$25,760,015</b>	<b>\$27,663,905</b>	<b>\$1,903,890</b>	<b>7.4</b>
Postage & shipping	\$5,000	\$3,800	(\$1,200)	(24.0)
Travel	\$745,000	\$784,800	\$39,800	5.3
Telecommunications	\$119,560	\$186,106	\$66,546	55.7
Printing & binding	\$14,000	\$39,500	\$25,500	182.1
Supplies	\$65,000	\$59,950	(\$5,050)	(7.8)
Software	\$251,605	\$333,047	\$81,442	32.4
Furniture & equipment (F&E)	\$317,124	\$406,000	\$88,876	28.0
Rentals	\$3,253,525	\$3,317,399	\$63,874	2.0
Data, news, & research	\$58,631	\$59,474	\$843	1.4
Repairs & alterations - building	\$30,000	\$0	(\$30,000)	(100)
Repairs & maintenance - F&E	\$37,304	\$71,678	\$34,374	92.1
Contractual professional svcs.	\$931,500	\$819,664	(\$111,836)	(12.0)
Training & dues	\$498,880	\$554,647	\$55,767	11.2
All other	\$8,000	\$8,080	\$80	1.0
Depreciation/amortization	\$1,301,383	\$1,046,752	(\$254,631)	(19.6)
IT user charge	\$859,568	\$559,797	(\$299,771)	(34.9)
<b>Goods &amp; services</b>	<b>\$8,496,080</b>	<b>\$8,250,694</b>	<b>(\$245,386)</b>	<b>(2.9)</b>
<b>Total operating funds</b>	<b>\$34,256,095</b>	<b>\$35,914,599</b>	<b>\$1,658,504</b>	<b>4.8</b>
<b>Single-year capital funds</b>	<b>\$0</b>	<b>\$120,000</b>	<b>\$120,000</b>	<b>n.a.</b>

Note: Columns may not sum to totals due to rounding.