

## **Consumer Financial Protection Bureau (CFPB)**

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### **Independent Performance Audit of CFPB Operations and Budget**

**Submitted October 15, 2011 by:**

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**Submitted to:**

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October 15, 2011

Mr. Raj Date

Special Advisor to the Treasury Secretary for the Consumer Financial Protection Bureau  
Consumer Financial Protection Bureau  
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Attn: 1801 L Street NW  
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Dear Mr. Date:

On behalf of ASR Analytics, LLC (ASR), I am pleased to enclose the attached report, which presents the results of our independent performance audit of the Consumer Financial Protection Bureau (CFPB). This audit was commissioned by the CFPB in accordance with the Full-Year Continuing Appropriations Act, 2011 (Pub. L. 112-10) of April 15, 2011, Title V, Section 1573 (a), which amended the Dodd-Frank Wall Street Reform and Consumer Protection Act to require an annual independent audit of the operations and budget of the bureau (12 USC 5496a). ASR performed this work between August 19, 2011 and October 15, 2011.

For this performance audit, ASR reviewed the operations of five key areas, which CFPB identified as instrumental in implementing the Consumer Protection Act of 2010 and standing up the CFPB as an organization: (1) Human Capital and Organizational Development; (2) Consumer Response; (3) Information Technology; (4) Communications and Transparency; and (5) the CFPB budget. To evaluate the CFPB's operations and performance in these five areas, we relied on a combination of physical, documentary, and testimonial evidence, most of which was provided by the CFPB. We reviewed more than 250 artifacts, including policy and planning documents, status reports, briefing memos, meeting minutes, discussion decks, statements of work, and other sources. In addition, we held over 50 meetings with CFPB personnel and other stakeholders.

A draft of this report was shared with all participating stakeholders at the CFPB for review and comment. CFPB staff provided us with oral and written comments on the draft report, including several technical clarifications and suggestions, which we incorporated where appropriate.

If you have any questions about this report, please contact me at 608-467-7291 or Michael Stavrianos at 301-758-0371. Other key contributors to this report include Peter Arena, Edward Hau, Michele Lebar, Edward Merrill, Sarah Sheehan, Melissa Toledo, and Tucker Warren.

Sincerely,

A handwritten signature in cursive script that reads "Stephen E. Rhody".

Stephen Rhody  
Founding Principal  
ASR Analytics, LLC

cc: Ms. Catherine West, Chief Operating Officer, Consumer Financial Protection Bureau



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## Section 1: Executive Summary

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### 1.1 Background

This report presents the results of an independent performance audit of the Consumer Financial Protection Bureau (CFPB) – commissioned by the CFPB in accordance with the Full-Year Continuing Appropriations Act, 2011 (Pub. L. 112-10) of April 15, 2011, Title V, Section 1573 (a) – which amended the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) to add the following text:

(a) Annual Independent Audit.--The Bureau shall order an annual independent audit of the operations and budget of the Bureau.

(b) Annual GAO Audit.--The Comptroller General of the United States shall conduct an annual audit of the Bureau's financial statements in accordance with generally accepted government accounting standards.

In order to meet this requirement, the CFPB must order an independent performance audit for FY 2011, and complete the report by October 15, 2011. For this performance audit, the bureau identified five key areas of operations, which were instrumental in implementing the Consumer Protection Act of 2010 and standing up the CFPB as an organization: (1) Human Capital and Organizational Development; (2) Consumer Response; (3) Information Technology; (4) Communications and Transparency; and (5) the CFPB budget.

It is important to note that this is a performance audit, not a financial audit, and thus does not overlap with the Annual GAO Audit described in Sec 1573 (a). Performance audits are engagements that provide findings or conclusions based on an evaluation of sufficient, appropriate evidence against defined criteria. Their purpose is to provide objective analysis to assist management in using the information to improve program performance and operations, reduce costs, facilitate decision making, and contribute to public accountability.

### 1.2 Compliance with Government Auditing Standards

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS), with one exception. Namely, while all members of the audit team maintain professional competence in their respective areas of specialization, some members have ongoing efforts to achieve minimum hours of continuing professional education that directly relates to government auditing. This exception notwithstanding, we believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Information for this performance audit was derived from physical evidence, documentary evidence, and testimonial evidence, most of which was provided by the CFPB. We reviewed more than 250 artifacts over the course of this study, including policy and planning documents, status reports, briefing memos, meeting minutes, discussion decks, statements of work, and other sources. In addition, we held over 50 meetings with CFPB personnel and other stakeholders.

## **1.3 Organization of this Report**

Section 1 of this report is an Executive Summary. Subsequent sections present the results of our performance audit for each of the five operational areas. Section 2 focuses on Human Capital and Organizational Development; Section 3 on Consumer Response; Section 4 on Information Technology; Section 5 on Communications and Transparency; and Section 6 on Budget. Appendix A provides a list of CFPB officials who provided input to this audit; Appendix B presents a list of acronyms used in this report; and Appendix C offers a brief overview of our audit team.

Within each section, we present information on three topics: (1) audit scope; (2) evaluation criteria; and (3) findings and recommendations. Below, we summarize the information addressed within each of these topics.

### **1.3.1 Scope of Audit**

Due to the time constraints for this performance audit, as well as the short history of the CFPB as an organization, the scope of this performance audit is necessarily limited. The purpose of this section is to define the overall scope of the review area and to enumerate the performance elements that are within the scope of this audit. The audit scope defines the subject matter that the auditors have assessed and reported on, such as a particular business process, organizational unit, or technology system. If applicable, this section also describes any significant constraints imposed on the audit due to information limitations or other scope impairments.

### **1.3.2 Evaluation Criteria**

The purpose of this section is to describe the criteria that are used to evaluate performance. Audit criteria represent the laws, regulations, standards, requirements, measures, and benchmarks against which performance is compared or evaluated. Our audit focused on three sets of criteria: (1) compliance with the legal requirements; (2) achievement of organizational goals; and (3) alignment with performance standards, best practices, and/or benchmarks. These criteria are consistent with GAO standards for evaluation criteria, as published in August 2011 (Government Auditing Standards, 2011 Internet Version, Section A6.02).

Within each section of this report, we identify the audit objectives and evaluation criteria that are specific to each review area—and we cite specific evaluation frameworks and/or methodologies that are used to support the evaluation. In order to establish a broad basis for evaluation, we rely (where possible) on established “performance frameworks”, which define a set of commonly accepted performance standards and associated criteria or metrics. For example, in the Human Capital and Organizational Development review area, we use the Human Capital Assessment and Accountability Framework (HCAAF) to establish performance standards and evaluation criteria.

### **1.3.3 Findings and Recommendations**

Within each section, we evaluate the CFPB’s performance with respect to three sets of criteria—legal requirements, organizational goals, and performance standards. Our findings and recommendations are presented in two ways. First, within the body of the report, we provide a bulleted list of the findings and recommendations that we view as most important. Second, in a series of detailed tables, we describe the progress that the bureau has demonstrated to date with respect to each performance

criterion, and we offer recommendations for future action. In these tables, we further characterize the bureau's performance using "stoplight ratings" and "priority scores", as defined below.

### **Stoplight Ratings**

- **Green (G):** Performance to date has met or exceeded the auditor's expectations for a new organization in all relevant criteria. CFPB has fully achieved the performance element or has made significant progress towards achieving it.
- **Yellow (Y):** Performance to date has met the auditor's expectations for a new organization in some but not all relevant criteria. CFPB has made progress towards achieving the performance element, but additional attention is needed.
- **Red (R):** Performance to date has not met the auditor's expectations for a new organization. CFPB has not made any significant progress towards achieving the performance element.
- **Blank (–):** No expectations exist with respect to this performance element. CFPB is not expected to have demonstrated any performance in this area at this time in its startup.
- **Grey (?):** The audit team did not receive enough information to evaluate performance at this time.

### **Priority Scores**

- **High:** This is a high priority for meeting the bureau's goals. Action should be taken as soon as possible.
- **Medium:** This is a medium priority for meeting the bureau's goals. Action should be taken within the next 6 months.
- **Low:** This is a low-level priority for meeting the bureau's goals. Nevertheless, action plans should be developed within the next year.

## **1.4 Findings and Recommendations**

### **1.4.1 Summary of Performance Ratings**

Across all five review areas, the CFPB has made significant progress towards achieving legal compliance, attaining organizational goals, and meeting performance standards. Through this performance audit, we rated the bureau's performance with respect to 102 distinct performance elements. As illustrated in the figure below, the CFPB achieved a Green stoplight rating (met or exceeded expectations in all relevant criteria) for 67 (66%) of these performance elements—and achieved a Yellow rating (met expectations in some relevant criteria) for 24 (24%) of these elements.

None of the elements received a Red score (performance has not met expectations). Following the summary table, we highlight key findings and recommendations from each of the five review areas.

Performance Rating	Human Capital	Consumer Response	Information Technology	Communications	Budget	All Review Areas
	5 (38%)	6 (33%)	6 (60%)	47 (81%)	3 (100%)	<b>67 (66%)</b>
	7 (54%)	8 (44%)	2 (20%)	7 (12%)	0 (0%)	<b>24 (24%)</b>
	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	<b>0 (0%)</b>
	0 (0%)	3 (17%)	2 (20%)	1 (2%)	0 (0%)	<b>6 (6%)</b>
	1 (8%)	1 (6%)	0 (0%)	3 (5%)	0 (0%)	<b>5 (5%)</b>

## 1.4.2 Key Findings and Recommendations: Human Capital and Organizational Development

- CFPB fully complied with the requirement to develop a Recruitment and Retention Plan, Training and Workforce Development Plan and Workforce Flexibilities Plan.** CFPB delivered these plans to Congress on July 21, 2011, as part of the report *Developing our Human Capital*. The document identifies achievements as well as near and longer term actions in each of the three requirement areas.
- CFPB met the requirement of the Dodd-Frank Act to develop a compensation and benefits program.** CFPB benchmarked the Federal Reserve Board and other Financial Institutions Reform Recovery and Enforcement Act (FIRREA) agencies to come up with a comparable and competitive compensation model to attract mission-critical and support occupations.
- CFPB should staff up the bureau's leadership positions and core functions.** This goal is mostly complete. To date, 4 of the 6 Associate Directors are on board and 20 of the 36 Assistant Directors are on board. Going forward, it is important to continue the search to fill needed leadership positions in a timely manner.
- CFPB has transferred employees from other federal agencies to address mission-critical staffing needs.** CFPB identified the major mission-critical and supporting functional positions required, and negotiated with six federal agencies for positions to support mission-critical functions being transferred to CFPB. A memorandum of understanding (MOU) was developed that specifies the agreement with the federal agencies to transfer employees into CFPB. An 'Expression of Interest' was implemented with federal agencies, and interviewing and selection criteria were outlined in MOUs, resulting in 232 transferees into CFPB.
- CFPB should continue to implement its recruitment strategy.** CFPB has done an excellent job at filling positions to stay on target with recruiting goals and should continue aggressive recruiting efforts through FY 2012 to hire the balance of personnel to staff CFPB at

its targeted level. It is important that the bureau follow through by implementing its recruitment strategy, vision and goals stated in the September 23, 2011 presentation *CFPB Recruitment Strategy & Update*. There are over 400 mission critical vacancies and a number of outreach activities that have been identified for FY 2012. Dedication, commitment, coordination and expertise will be needed at all levels to accomplish these actions.

- **CFPB should fully develop a Training and Workforce Development Plan.** The Dodd-Frank Act specifically calls for a Training and Workforce Development plan, and this continues to be a high priority and immediate need for CFPB. In the Annual Report to Congress on July 21, 2011, *Developing our Human Capital*, CFPB defined an approach to training and workforce development. To support their mission, CFPB has developed and held lunch and learns, on-boarding training, and approximately three weeks of training for the core Examiner and Consumer Response workforces. An assessment of workforce skills has been executed and core competencies for executives and non-executives have been developed. CFPB has a longer term goal to develop as a learning organization. In the near term, the Training and Workforce Development Plan should ensure that CFPB has a consistent and unified approach to training and workforce development, across all units and employee populations.

### 1.4.3 Key Findings and Recommendations: Consumer Response

- **CFPB's Consumer Response function has complied with all relevant legal requirements.** CFPB should use the credit card complaint standup approach – and learnings derived from its initial implementation – as a template of sorts as Consumer Response continues to expand its scope beyond the credit complaint area into mortgages and other financial products/services.
- **Consumer Response is in compliance with its own internal organizational performance targets** in those areas where: (1) targets have been documented; and (2) CFPB has officially begun holding itself and others to performance targets that have been set thus far. CFPB should complete the standup of key remaining operational enablers. This includes launching Consumer Response's consumer-facing knowledge base, implementing its complex case management system, and ramping up to at least minimum analyst staffing levels required to support quality assurance reviews for CFPB investigations and to develop/execute a master performance dashboard.
- **CFPB should finalize all remaining targets tied to major operational metrics – and begin enforcing targets as soon as possible.** Consumer Response has yet to establish and/or enforce final targets for operational metrics like maximum bank/regulator response time during CFPB investigations, or standards around frequency and scope of periodic quality assurance analysis and reporting (outside the intake/call center area). The sooner CFPB establishes targets for these critical activity areas, the sooner it can begin tracking performance associated with the full scope of its mandate, and the better prepared it will be to provide periodic reporting and analysis to other stakeholders.
- **CFPB should consider adding consumer resolution dispute rate to its featured short-list of major operational metrics.** Including this metric (i.e., % of “resolved” complaints that

consumers subsequently dispute) can increase leadership visibility into what affected consumers may perceive as the effectiveness of current Consumer Response processes, and help uncover themes and/or emerging issues in individual bank investigation performance.

- **CFPB should establish a single Consumer Response master dashboard to track and communicate actual performance against targets.** This master dashboard may contain different tabs/views, covering either department-wide (standup) goals or goals specific to each financial product CFPB eventually addresses. Generally, however, the goal should be to minimize differences across dashboard views to ensure appropriate focus on the core elements of Consumer Response’s mission, and to facilitate easy comprehension and interpretation of performance data.
- **CFPB should implement an OMB-approved consumer satisfaction survey** as a basic means to begin systematically collecting feedback directly from those who are experiencing CFPB’s operations today.
- **CFPB should leverage the feedback it is already collecting.** As an example, the bureau should establish operational goals and processes around mining contacts that are currently stored in Consumer Response’s contact management system as “feedback.”
- **CFPB should draft a more formal “stakeholder feedback platform” plan.** The bureau should whiteboard current feedback mechanisms by key operational areas, (e.g., intake, routing, tracking/resolution, analysis), channels (e.g., website, toll-free number), and stakeholder type (e.g., prudential regulators, covered persons, consumer advocacy groups, mass consumer audiences). In order to test the relevance and value of these feedback mechanisms, CFPB should consider who will use the feedback from each data stream, how the feedback will be used, and what the bureau [or other relevant stakeholders] will do differently as a result of this feedback.
- **CFPB should complete the conceptual development of a feedback platform, secure approvals as needed and begin to implement.** Note that “approvals” in this case means both completing relevant compliance activity (e.g., Paperwork Reduction Act-mandated work), but also securing buy-in from other CFPB offices or other key stakeholders to utilize insight generated from the feedback that Consumer Response collects and analyzes.
- **CFPB should continue to enhance process transparency to consumers and other stakeholders.** One way to accomplish this goal is to leverage stakeholder feedback, in order to enhance the clarity of CFPB processes and performance expectations in ways that are relevant to each major stakeholder group. For consumers, one relatively quick “win” in this area would be to build notification capability to alert complainants as investigations move through CFPB’s tiers.

#### 1.4.4 Key Findings and Recommendations: Information Technology

- **CFPB has used Information Technology (IT) to support customer service.** With the development of the Consumer Information System (CIS) and the CFPB website, the IT department has created an engaging digital experience. The use of “Tell Your Story” and “Know Before You Owe” on the website offer further evidence of progress in this area. We recommend that the IT organization continue its emphasis on this goal and conduct a formal review of the usability of the website.
- **CFPB has aligned its information technology assets with its strategic missions, in accordance with the Clinger-Cohen Act of 1996.** This alignment is managed by the Investment Review Board (IRB), and documented at a high level through the IRB dashboard. Specifically, the IRB dashboard identifies each of the Initial Systems (technology assets) being developed by CFPB, and links each asset to either: (1) a specific element of CFPB’s mission; or (2) a specific enterprise or business service.
- **CFPB has complied with key elements of the E-Government Act of 2002,** including the Federal Information Security Management Act (FISMA) and the Confidential Information Protection and Statistical Efficiency Act (CIPSEA). Specifically, CFPB obtained authority to operate (ATO) for: (1) connectivity to the Treasury infrastructure; and (2) protection of confidential and/or personal information in CIS. We recommend that CFPB continue their approach to retaining personal information and conducting FISMA audits. CFPB has already demonstrated behaviors consistent with this, for example, by submitting System of Record Notices (SORN) that address items such as the individuals covered by the system, categories of records in the system, purpose of the system, categories of users of the system, storage, retrievability, and safeguards.
- **CFPB should continue to build human capital for the IT function.** CFPB has made appropriate progress towards this goal. It has named a Chief Technology Officer, Chief Information Officer and Chief Information Security Officer – and it has established a productive IT organization through an integrated team of government and contractor personnel. We recommend that the IT organization target an 8% to 10% ratio of IT staff to total CFPB staff.
- **CFPB should form an IT program management office (PMO) to facilitate a continuation of its customer focus and implementation of key systems.** Adopting a PMO approach would provide a means of standardizing artifacts across projects and facilitate development of a project database to support evaluations and a “lessons learned” process.
- **CFPB should initiate a formal evaluation process for IT investments.** We found that the project selection and project control components of CFPB’s IT investment management process met GAO standards, as defined in the Information Technology Investment Management (ITIM) Framework. We recommend that CFPB initiate a formal investment evaluation process, now that it has a growing set of historical data regarding the performance of IT projects. The evaluation process should be a function of the IRB and supported by the PMO.

- **CFPB’s IT investment management process is operating at “stage two” of the five-stage maturity model defined by the GAO’s ITIM Framework.** In order to progress to stage three, CFPB should build upon existing IRB processes, with an emphasis on: (1) grouping similar investments together and developing an IT portfolio; (2) creating and maintaining portfolio selection criteria; (3) examining the merits of each IT investment in the context of the portfolio; and (4) using an Enterprise Architecture to help align IT investments with strategic objectives.
- **CFPB should develop and apply standard methods to manage risk and cost variance for IT investments.** Using the Federal IT Dashboard as a performance standard to evaluate three projects, we found evidence of good requirements management, contractor oversight, human capital, and schedule management. We recommend that the IT department apply a standard method to monitor and manage cost variance, even though many projects are performed on a fixed cost basis. Also, we recommend that CFPB adopt a standardized approach to documenting risks and mitigation strategies.

#### 1.4.5 Key Findings and Recommendations: Communications and Transparency

- **CFPB should continue to move toward filling positions and offices mandated by the Dodd-Frank Act.** The Dodd-Frank Act mandated the creation of six offices that perform communications functions. CFPB has fulfilled its statutory mandates with respect to these positions. The CFPB is statutorily unable to create a Consumer Advisory Board (CAB) until a Director has been approved by Congress. However, a detailee is on staff currently serving in the Ombudsman role, which does not require a Director in place. In addition to filling the Ombudsman position with a permanent employee as soon as possible, we recommend that CFPB continue to move forward with developing plans for CAB and be prepared to staff positions as soon as a Director is approved.
- **CFPB should further coordinate its mission, vision and values statements across mediums.** Currently, the CFPB has defined its mission, vision and values, but they differ slightly across platforms. While slight variances are to be expected given the differing audiences each CFPB office is trying to reach (e.g., lawmakers, consumers and the general public), in places where the CFPB’s statutory purpose, mission, vision, and values are printed, it should consider reducing inconsistencies. Doing so will build brand strength over time and allow multiple audiences to fully understand how the CFPB views itself.
- **CFPB should continue work on developing additional language capabilities.** The CFPB has made efforts to engage populations that have been most severely impacted by the financial crisis. Currently the CFPB offers its 800 number in 189 languages and is in the process of co-developing a Spanish version of the new single mortgage disclosure document from the Know Before You Owe initiative and a fully functional Spanish version of the website. Co-developing materials takes longer but it creates a much better product for consumers. CFPB should continue to move forward in developing additional language capabilities to allow all of its key constituencies to participate in the dialogue.

- **CFPB should maintain policymaker interaction.** Discussions with CFPB stakeholders revealed a proactive view toward interacting with policymakers, including members of Congress, and state and local officials. Members of the CFPB team have testified before Congress on eleven occasions, have made numerous trips to the Hill to brief both Congressional staff and members of Congress, and regularly provide updates on news coming out of the bureau. CFPB should continue to engage policymakers and work toward establishing a two-way dialogue through which both the bureau and policymakers can gain important insight from one another.
- **CFPB should continue to engage key audiences.** One of the challenges for the CFPB as it continues to grow, mature and assume more responsibility is to continue the high level of engagement it has fostered thus far. The bureau has set a very high standard for itself and may encounter difficulties living up to that standard. An increase in staff will assist in meeting the growing responsibilities of the bureau in this area.
- **CFPB should develop searchable content capability.** One of Community Affairs' goals is to have searchable resource content available for all reports, studies and communications with key groups. Community Affairs is currently working with the IT department to develop the digital infrastructure needed for such a resource. CFPB should continue to develop this capability.

#### 1.4.6 Key Findings and Recommendations: Budget

- **CFPB has addressed all relevant budgeting requirements under Title X of the Dodd-Frank Act.** Overall, we found that CFPB practices are documented and consistently performed.
- **CFPB should complete policy and procedural documentation.** CFPB should continue its work underway to more-fully document policies related to critical aspects of the Federal Reserve funding request and transfer process. In addition, CFPB should continue to more-fully document policies related to budget formulation and execution / commitment control. Supplemental documentation should be developed to define detailed funding and budgetary procedures, roles and responsibilities, and performance management and monitoring practices.
- **CFPB should build a staffing plan for the budget organization.** CFPB has been hiring additional budget staff over the past several months. As the bureau continues to expand its operations, we encourage the bureau to continue to reach out to other comparable U.S. federal agencies that have unique funding mechanisms and missions similar to that of CFPB (e.g., FDIC and OCC) to garner ideas and recommendations for the structure and staffing levels of the bureau's budgeting operations.
- **CFPB should continue to expand transparency of funding and expenditures.** As the CFPB grows, we expect the bureau will continue to expand the amount of information available to the public (e.g., operational plans, funding levels, expenditures, financial performance management against bureau priorities, and the like).

- **CFPB should increase automation of budget formulation and performance management.** As is expected, much of CFPB’s budget formulation process is manual and leverages spreadsheets – some of which are quite large and complex. CFPB should continue comparative analysis with other similar agencies to evaluate options for enhanced budget formulation and performance management automation. Where possible, we recommend leveraging pre-existing solutions to best serve the bureau at this stage of its evolution versus developing a bureau-specific solution.
- **CFPB should continue to clarify and document the applicability of budget-related Circulars and Acts.** CFPB continues its efforts to clarify and document the applicability to CFPB operations of various budgeting and performance management Circulars and Acts. CFPB has already adopted and will continue to integrate into its operations the principles and concepts contained within the relevant Circulars and Acts and the bureau will implement, where possible, best practice components. We support the bureau’s plans to both document and implement all applicable standards and best practices.
- **CFPB should incorporate “outcome” objectives in its strategic planning.** We understand bureau-wide strategic plans are under development within CFPB. While this performance audit did not evaluate the progress nor content of the current draft plans, we encourage CFPB’s progressive stages of strategic planning to incorporate Government Performance and Results Act (GPRA) Modernization Act of 2010 (Public Law 111-352 or GPRA-MA) concepts outlining high-level organizational priorities, “outcome” objectives, annual performance management plans, the relationship to funding and budgetary plans, progress review plans, accountability assignments, and plans for transparent monitoring and reporting.
- **CFPB should load its budget at a divisional level.** Starting with the FY 2013 President’s Budget (currently being formulated) and the FY 2012 Operations Plan for CFPB, the bureau plans to construct its budget on a bottom-up basis by cost center. For the FY 2012 Operations Plan, CFPB plans to load its budget in its financial management system on a divisional basis for enhanced execution and control. We support the bureau’s plan to begin loading the budget at a divisional level in FY 2012 for more effective management, control and accountability.

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## Section 2: Human Capital and Organizational Development

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### 2.1 Scope of Audit

In this section, we establish scope boundaries for our audit of CFPB's performance in the area of Human Capital and Organizational Development. In order to define the overall scope of this review area, we look to standards established by the Office of Personnel Management (OPM)'s Human Capital Assessment and Accountability Framework (HCAAF).

The HCAAF establishes and defines five human capital systems that together provide a single, consistent definition of human capital management for the Federal Government. Moreover, the HCAAF outlines an ongoing process of human capital management for Federal agencies. This framework is used to maximize planning and goal setting, implementation, and evaluation of results across the following five systems:

1. **Strategic Alignment (Planning and Goal Setting).** Led by senior management—typically the Chief Human Capital Officer (CHCO)— to promote the alignment of human capital management strategies with bureau mission, goals, and objectives through analysis, planning, investment, measurement, and management of human capital programs.
2. **Leadership and Knowledge Management (Implementation).** Ensures continuity of leadership by identifying and addressing potential gaps in effective leadership, and implements and maintains programs that capture organizational knowledge and promote learning.
3. **Results-Oriented Performance Culture (Implementation).** Promotes a diverse, high-performing workforce by implementing and maintaining effective performance management systems and awards programs.
4. **Talent Management (Implementation).** Addresses competency gaps, particularly in mission-critical occupations, by implementing and maintaining programs to attract, acquire, develop, promote, and retain quality talent.
5. **Accountability (Evaluating Results).** Contributes to bureau performance by monitoring and evaluating the results of its human capital management policies, programs, and activities; by analyzing compliance with merit system principles; and by identifying and monitoring necessary improvements.

Given its brief organizational history, it is not expected that the CFPB would have demonstrated progress across all of the systems defined by the HCAAF. Indeed, when standing up a new organization, there are generally some human capital systems and processes that are implemented prior to others. With that in mind, the scope of our audit is limited to three of the five HCAAF dimensions: Leadership and Knowledge Management; Results-Oriented Performance Culture; and Talent Management.

The other two dimensions (Strategic Alignment and Accountability) are generally matured once an organization has established foundational human capital systems. Strategic plans for the CFPB are expected to be developed in FY 2012. The development of the strategic plan will align the mission, goals and objectives of the bureau and establish how the human capital organization will be analyzed. Accountabilities will also be developed to support analysis of program performance.

In cases where the CFPB has already demonstrated progress or documented future-state plans, those activities are mapped to the corresponding HCAAF dimension, and performance is evaluated relative to established criteria. For those HCAAF dimensions where the bureau has not yet demonstrated progress, the performance audit provides general recommendations regarding: (1) target dates for achieving specific milestones in these dimensions; (2) best practices with respect to performance in these dimensions; and (3) future audits of performance in these areas. As an example, each agency is required by OPM to prepare a Strategic Human Capital Plan (SHCP) and a Human Capital Management Report (HCMR). CFPB is not required to submit the SHCP this year but is required to submit an HCMR documenting the bureau's progress on December 15th. Thus, while a review of the SHCP is out of scope for this audit, we provide guidance regarding best practices in the development of this plan, as well as recommendations for prospective audits of performance.

## 2.2 Evaluation Criteria

The purpose of this section is to describe the evaluation criteria for this review area (associated findings and recommendations are presented in Section 2.3). As with other areas of performance, our audit focuses on three sets of criteria: (1) compliance with legal requirements; (2) achievement of organizational goals; and (3) alignment with performance standards, best practices, and/or benchmarks.

### 2.2.1 Compliance with the Law

In order to assess compliance with legal requirements, we evaluate the extent to which CFPB has met each of the following legal requirements, established by the Dodd-Frank Act and other relevant legislation.

- Section 1067 of the Dodd-Frank Act requires the bureau to submit an annual report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives that includes: (1) a Recruitment and Retention Plan; (2) a Training and Workforce Development Plan; and (3) a Workforce Flexibilities Plan.
- Section 1013 of the Dodd-Frank Act requires that, "The Director shall at all times provide compensation (including benefits) to each class of employees that, at a minimum, are comparable to the compensation and benefits then being provided by the Board of Governors for the corresponding class of employees."
- Pursuant to the Dodd-Frank Act, the CFPB has collaborated with the six transferring agencies to establish procedures and systems that allow for employees transferring into the bureau to retain appropriate benefits provided to them by their prior agency for a one-year period, and to reimburse those agencies as required by the Dodd-Frank Act. The six agencies are the

Department of Housing and Urban Development, Office of Thrift Supervision, Office of the Comptroller of the Currency, National Credit Union Administration, Federal Deposit Insurance Corporation, and the Federal Reserve Board of Governors and Federal Reserve System Banks.

- Under the Dodd-Frank Act CFPB must establish business units in the areas of research, community affairs and collecting and tracking complaints. The Dodd-Frank Act states that the following offices should be developed within one year of the designation transfer date of July 21, 2011 to include, fair lending and enforcements, financial education, servicemembers affairs; and within 180 days of the transfer date, offices such as, financial protection for older Americans and minority and women inclusion, ombudsman, and consumer advisory board should be established.

### **2.2.2 Achievement of Organizational Goals**

In order to assess achievement of organizational goals, we evaluated the progress that CFPB has made towards measurable goals that are documented in the bureau's planning artifacts. The bullets below describe the four organizational goals that were provided by CFPB leadership:

- Conduct organization design and workforce strategy development.
- Design and implement a payroll and hiring system.
- Pursue transfer agreements with other federal agencies currently performing consumer protection functions.
- Staff up the bureau's critical leadership positions and core functions.

### **2.2.3 Alignment with Performance Standards and Best Practices**

We use OPM's HCAAF framework to conduct a broad-based evaluation of the CFPB's performance in the area of Human Capital and Organizational Development. Below, we describe the three dimensions or "systems" of HCAAF that are the focus of our evaluation, along with specific evaluation criteria for each. Each HCAAF system is based on critical success factors that make up the overall system. Critical success factors are the areas on which agencies and human capital practitioners should focus to achieve a system's standard for success principles. Each critical success factor comprises key elements that can be examined to determine organizational development and human capital system maturity. These critical success factors, and the associated key elements, serve as evaluation criteria for our performance audit, within each HCAAF system. For a comprehensive list of critical success factors and key elements, please refer to Office of Personnel Management's HCAAF Resource Center at the following link: [http://www.opm.gov/hcaaf\\_resource\\_center/](http://www.opm.gov/hcaaf_resource_center/).

#### **Leadership and Knowledge Management System**

The Leadership and Knowledge Management System focuses on identifying and addressing leadership competencies so that continuity of leadership is ensured, knowledge is shared across the

organization, and an environment of continuous learning is present. This system comprises five critical success factors and their key elements.

1. Leadership Succession Management
2. Change Management
3. Integrity and Inspiring Employee Commitment
4. Continuous Learning
5. Knowledge Management

### **Results-Oriented Performance Culture System**

The Results-Oriented Performance Culture System focuses on having a diverse, results-oriented, high-performing, workforce, as well as a performance management system that effectively plans, monitors, develops, rates, and rewards employee performance. This system comprises six critical success factors and their key elements.

1. Communications
2. Performance Appraisal
3. Awards
4. Pay-for-Performance
5. Diversity Management
6. Labor/Management Relations

### **Talent Management System**

The Talent Management System focuses on agencies having quality people with the appropriate competencies in mission-critical activities. This system comprises two critical success factors and their key elements.

1. Recruitment
2. Retention

## **2.3 Findings and Recommendations**

In this section, we present key findings and recommendations for each of the three sets of criteria included in the performance audit: (1) compliance with the legal requirements; (2) achievement of organizational goals; and (3) alignment with performance standards, best practices, and/or benchmarks. The supporting tables referenced throughout this section are presented at the end of the section.

### **2.3.1 Compliance with Legal Requirements**

Table 1 presents our assessment of the CFPB's compliance with legal requirements. Each row in this table specifies a legal requirement for the CFPB. For each legal requirement, we describe the progress that the bureau has demonstrated to date, along with recommendations (as applicable) for future action. The section below highlights our key findings and recommendations:

- **CFPB fully complied with the requirement to develop a Recruitment and Retention Plan, Training and Workforce Development Plan and Workforce Flexibilities Plan.** CFPB delivered these plans to Congress on July 21, 2011, as part of the report *Developing our Human Capital*. The document identifies achievements as well as near and longer term actions in each of the three requirement areas.
- **CFPB met the requirement of the Dodd-Frank Act to develop a compensation and benefits program.** CFPB benchmarked the Federal Reserve Board and other FIRREA agencies to come up with a comparable and competitive compensation model to attract mission-critical and support occupations. Retirement and non-retirement benefits were benchmarked across government agencies to develop benefits and programs that are progressive and timely. Thorough analysis led to developing compensation models and a benefits package that goes beyond the limitations of Title V.
- **CFPB leveraged best practices in developing procedures for employee transfers.** CFPB drew on information from the report *Research & Analysis: Organizational Stand-ups Lessons Learned and Key Insights* to guide the development of procedures for transferring employees from other agencies. Specifically, this report describes a case study of the Federal Housing Finance Agency (FHFA), which underscores the importance of understanding the legislative requirements for transfer employees. The FHFA encountered a significant roadblock in numerous OMB and OPM regulations on government employee transfers, and struggled with the maze of federal regulations while trying to achieve organizational goals. CFPB found that although negotiating MOUs with six transferring agencies was a lengthy process, the value of transferred employees from other federal agencies was significant. CFPB established a centralized recruitment and outreach process to identify, interview and select federal employees for its mission-critical Examiner and Consumer Response positions. This system helped CFPB to successfully attract and negotiate the transfer of highly-skilled employees from other Federal agencies between July and October 2011.

### 2.3.2 Achievement of Organizational Goals

Table 2 presents our assessment of the CFPB's achievement of organizational goals. Each row in this table corresponds to a specific CFPB organizational goal. For each goal, we describe the progress that the bureau has demonstrated to date, along with recommendations for future action (as necessary). The section below highlights our key findings and recommendations for each goal.

- **CFPB established an organizational design and a workforce plan and approach.** This goal was completed in the following ways:
  - CFPB developed a preliminary organizational design composed of six units, and an overall targeted head count of 1325 employees. To accompany the organizational design each unit developed vision and functional statements.
  - CFPB units were tasked to implement staffing and hiring actions such as determining the number and type of positions for each level. Position descriptions were developed for each position; vacancy announcements developed and job vacancies were advertised in USAJOB.

- **CFPB designed and implemented a payroll and hiring system.** This goal was completed in the following ways:
  - In compliance with the Dodd-Frank Act requiring that CFPB's compensation system be comparable to that of the Federal Reserve Board, CFPB designed a compensation approach and model based on benchmark studies of the Federal Reserve Board compensation approach and model as well as other FIRREA agencies.
  - Benefits packages were benchmarked from the same agencies and included both retirement and non-retirement benefits. The CFPB benefits package goes beyond the typical federal benefits package by offering benefits such as short- and long-term disability, dental and vision benefits, business travel accident insurance, and a flexible spending account.
  - CFPB designed their hiring system by classifying jobs of most critical positions first, creating a job leveling system, including pay bands. The hiring system classified required positions, starting with the most critical positions.
  - A major task in CFPB's launch was to set up payroll and human resource transaction systems. The National Finance Center's (NFC) payroll system and the Department of Treasury's personnel system, HR Connect, were chosen and implemented. Many of the Dodd-Frank transfer agencies use the NFC finance system; thus, the use of this system by CFPB facilitated the employee transfer process to CFPB.
  
- **CFPB has transferred employees from other federal agencies to address mission-critical staffing needs.** CFPB identified the major mission-critical and supporting functional positions required, and negotiated with six federal agencies for positions to support mission-critical functions being transferred to CFPB. A memorandum of understanding (MOU) was developed that specifies the agreement with the federal agencies to transfer employees into CFPB. An 'Expression of Interest' was implemented with federal agencies, and interviewing and selection criteria were outlined in MOUs, resulting in 232 transferees into CFPB.
  
- **CFPB should staff up the bureau's leadership positions and core functions.** This goal is mostly complete. To date, 4 of the 6 Associate Directors are on board and 20 of the 36 Assistant Directors are on board. Going forward, it is important to continue the search to fill needed leadership positions in a timely manner. The following activities were completed for this goal:
  - CFPB identified and detailed federal employees to serve on an implementation team which carried out initial planning and execution of core functions and leadership needs.
  - The implementation team developed a hiring process by meeting with its members to define competencies for Associate Directors. Associate Directors were hired and the same process was performed to define competencies for and to hire Assistant Directors. Assistant Directors defined competencies for mission critical positions such as Examiners, Research & Market Analysts, Economists, and Financial Analysts. Thus, the key mission-critical functions and supporting populations were hired into CFPB in a cascading fashion.
  - Key hiring policies were implemented, such as policy number CFPB-COO-011 (Excepted Service Non-Executive Positions under Waiver Authority Interim Policy). This policy describes the methodology and authorities the CFPB will use to create, evaluate, and fill non-executive positions that are excepted from the competitive service, pursuant to the waiver provision in § 1013(a)(1)(C) of the Consumer Financial Protection Act of 2010.

- Going forward, it is important to continue the search for the balance of the Associate and Assistant Directors to fill needed leadership positions in a timely manner. Associate and Assistant Directors have an important role as leaders to set actions for their units to accomplish the short and long-term goals set for the CFPB as a new bureau with high visibility. This should be a priority search for CFPB and goals should be set for Assistant Directors to be hired within the first two quarters of the FY 2012 fiscal year.

### 2.3.3 Alignment with Performance Standards and Best Practices

Table 3, Table 4 and Table 5 present our assessment of the CFPB's alignment with performance standards and best practices. Each row in these tables corresponds to a specific critical success factor within the corresponding HCAAF system. For each critical success factor, we provide the following information: (1) a rating of CFPB's performance to date, using a stoplight scale (i.e., Red, Yellow or Green); (2) a summary of demonstrated performance; (3) the priority of future progress in this area, based on the importance of the performance area for a start-up organization; and (4) recommendations for future action. Table 6 presents high-level recommendations for the two HCAAF Systems (Strategic Alignment and Accountability) that are outside the scope of this audit.

The section below highlights our key findings and recommendations—those that are the most critical at this time for the CFPB's Human Capital Office. They are derived from the findings that are "High" priorities in the matrices on the following pages.

- **CFPB should develop a formal Human Capital Program Plan, which would build on existing projects and systems.** The Human Capital Office is in a start-up mode and has multiple human capital systems that have been designed or are planned to be implemented in FY 2012. It is important for the Human Capital Office to formalize their various plans and projects by developing a Human Capital Program Plan (HCPP). The HCPP is a functional plan that will integrate the Human Capital Office vision and mission and strategic goals for CFPB. Use of the HCAAF standards set by OPM is a good framework to comply with legal and federal standards and also used as a guide. A formal plan should be developed in the near term and led/managed by the Chief Human Capital Officer (CHCO) or similar position in the Human Capital Office to oversee and make decisions about Human Capital projects within the HCPP. The objective of an HCPP will be to coordinate all major human capital systems, some of which are already in progress; some of which need an implementation strategy; and other systems are still in a formative stage. The systems that will be part of the HCPP include, but are not limited to:
  - Human Capital Strategy and Implementation plan
  - Executive/Management Development Program and Succession Management system
  - Training and Workforce Development Program
  - Knowledge Management System
  - Performance Management System including a pay-for-performance and awards programs
  - Cornerstone On-Demand system that facilitates implementation of the: performance system, learning management system, knowledge management system, and integrated talent management system.
  - Diversity Plan
  - Long-term Recruitment Plan

- Retention Plan
- **CFPB has followed best practices in organizational transformation through the creation of a “Culture Club”.** A GAO report on Results-Oriented Cultures (GAO-03-669) highlights the importance of involving employees from the beginning in transformation efforts. CFPB has done just that with forming a Culture Club. The Culture Club has researched progressive approaches, held lunch and learns to communicate information; and completed surveys such as the Values survey and the Demographics and diversity survey. The GAO report states that creating opportunities for employees helps to accelerate the transformation and in CFPB’s case, establishing a work environment that provides ample communications, innovation and creativity. This is a unique opportunity for CFPB as a start up bureau to create an environment that is characterized by the values of open communications and shared responsibility for accomplishing organizational goals and objectives. While the Culture Club has had many accomplishments they need a formal charter establishing the Culture Club as an organization with a purpose and process to continue the energy, creativity, and activity establishing the work they will be doing in months and years to come. The Culture Club charter should consider the following:
  - Set a Culture Club vision, case for change to establish raison d’être for the Culture Club. This statement will explain the purpose and objectives for the group.
  - Gain executive sponsorship – who will be the sponsor and what is their role and responsibility as leader/s?
  - Establish membership and representation from all CFPB units and expertise – who are the members, how are they chosen, what are their responsibilities, how long is their tenure; do members rotate?
  - Develop multiple outreach methods – lunch and learns are excellent forms of communicating and training on important topics there are additional methods to exchange ideas. Determine the various outreach methods and how outreach, communications, training can increase morale and bureau engagement.
  - Uncover important information that is not spoken or shared in formal sessions. Identify methods for anonymous input to provide for broader representation of ideas and diversity of information.
  - Develop a Culture Club project plan that is communicated to CFPB and seeks broad input.
- **CFPB should continue to implement its recruitment strategy.** CFPB has done an excellent job at filling positions to stay on target with recruiting goals and should continue aggressive recruiting efforts through FY 2012 to hire the balance of personnel to staff CFPB at its targeted level. It is important that CFPB follow through by implementing its recruitment strategy, vision and goals stated in the September 23, 2011 presentation: CFPB Recruitment Strategy & Update. There are over 400 mission critical vacancies and a number of outreach activities that have been identified for FY 2012. This is a big effort for the CFPB Human Capital Office this year and one that can be accomplished by following through with the strategy and action plans to support the challenges that have been defined in the presentation. There are over 25 actions suggested. Some are complex efforts that coordinate detailed plans

and groups of personnel. Dedication, commitment, coordination and expertise will be needed at all levels to accomplish these actions. In the near term consider the following actions:

- Building the recruitment infrastructure of specialists and CFPB workforce will be significant to accomplishing the outreach efforts, plans and multiple actions.
  - Identify a project manager to lead the effort and set clear expectations and accountabilities.
  - Consider detailing CFPB staff into recruitment efforts on a rotational basis and provide a form of benefit for their contribution; possibly a letter for their file sent to their manager showing commitment and dedication.
  - Evaluate results and update strategy, goals and plans to stay as much on track as possible.
- **CFPB should fully develop a Training and Workforce Development Plan.** The Dodd-Frank Act specifically calls for a Training and Workforce Development plan, and this continues to be a high priority and immediate need for CFPB. In the Annual Report to Congress on July 21, 2011, Developing our Human Capital, CFPB defined an approach to training and workforce development. To support their mission, CFPB has developed and held lunch and learns, on-boarding training, and approximately three weeks of training for the core Examiner and Consumer Response workforces. An assessment of workforce skills has been executed and core competencies for executives and non-executives have been developed. CFPB has a longer term goal to develop as a learning organization. In the near term, the Training and Workforce Development Plan should ensure that CFPB has a consistent and unified approach to training and workforce development, across all units and employee populations. Some near term activities to include in the Training and Workforce Development Plan:
    - Apply competency models to develop career paths.
    - Identify a skills matrix for each family of positions and for each level.
    - Plan and implement the Emerging Leader or Executive Candidate Development Program.
    - Plan and implement an Executive Management Development Program.

**Table 1: Compliance with Legal Requirements**

Legal Requirement	Demonstrated Performance	Finding / Recommendation
<p>Section 1067 of the Dodd-Frank Act requires the bureau to submit an annual report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives that includes: (1) a Recruitment and Retention Plan; (2) a Training and Workforce Development Plan; and (3) a Workforce Flexibilities Plan.</p>	<p>Annual Report To Congress, July 21, 2011: Developing our Human Capital--</p> <ul style="list-style-type: none"> <li>• Recruitment and Retention Plan</li> <li>• Training and Workforce Development Plan</li> <li>• Workforce Flexibilities Plan</li> </ul>	<p>No recommendations provided for this performance element</p>
<p>Section 1013 of the Dodd-Frank Act requires that, "The Director shall at all times provide compensation (including benefits) to each class of employees that, at a minimum, are comparable to the compensation and benefits then being provided by the Board of Governors for the corresponding class of employees."</p>	<p>Developed and implemented compensation and benefits programs that met the requirement of the Dodd-Frank Act.</p>	<p>No recommendations provided for this performance element</p>
<p>Pursuant to the Dodd-Frank Act, the CFPB has collaborated with the six transferring agencies to establish procedures and systems that allow for employees transferring into the CFPB to retain appropriate benefits provided to them by their prior agency for a one-year period, and to reimburse those agencies as required by the Dodd-Frank Act. The six agencies are: the Department of Housing and Urban Development, Office of Thrift Supervision, Office of the Comptroller of the Currency, National Credit Union Administration, Federal Deposit Insurance Corporation, and the Federal Reserve Board of Governors and Federal Reserve System Banks.</p>	<p>Established and implemented a centralized recruitment and outreach process for the identification, recruitment, interviewing and selection of individuals. Negotiated and implemented memoranda of understanding (MOUs) with the Department of Housing and Urban Development, Federal Deposit Insurance Corporation, Federal Reserve System, National Credit Union Administration, Office of the Comptroller of the Currency, and the Office of Thrift Supervision, to transfer employees to the CFPB. MOUs include processes and procedures for managing transferrable benefits under the Dodd-Frank Act.</p>	<p>No recommendations provided for this performance element</p>
<p>Under the Dodd-Frank Act CFPB must establish business units in the areas of research, community affairs and collecting and tracking complaints. The Dodd-Frank Act states that the following offices should be developed within one year of the designation transfer date of July 21, 2011 to include, fair lending and enforcements, financial education, servicemembers affairs; and within 180 days of the transfer date, offices such as, financial protection for older Americans and minority and women inclusion, ombudsman, and consumer advisory board should be established.</p>	<p>Developed and implemented a workforce plan and organizational structure that includes all the units and offices required by the Dodd-Frank Act.</p>	<p>Hire personnel to direct and implement the offices and units functions as required by the Dodd-Frank Act.</p>

**Table 2: Achievement of Organizational Goals**

Organizational Goals	Demonstrated Performance	Finding / Recommendation
<p>Conduct organization design and workforce strategy development.</p>	<ul style="list-style-type: none"> <li>CFPB developed a preliminary organizational design comprised of six units.</li> <li>Each CFPB unit developed vision and functional statements.</li> <li>CFPB units were tasked to determine the number and type of positions at each level; develop position descriptions, vacancy announcements, job vacancies to advertise in USAJOB.</li> </ul>	<ul style="list-style-type: none"> <li>Identify gaps between projected or actual availability of the CFPB's mission-critical competencies and the current and future demands.</li> </ul>
<p>Design and implement a payroll and hiring system.</p>	<ul style="list-style-type: none"> <li>CFPB designed a compensation approach and benefits packages based on benchmarks from Federal Reserve Board and other FIRREA agencies for compensation models as identified in Dodd-Frank Act.</li> <li>CFPB designed their hiring system by classifying jobs of most critical positions first, creating job levels by starting with GS Schedule and developing a CFPB model with Pay Bands.</li> <li>CFPB realized that to transfer employees from one federal agency to CFPB they needed to set up a payroll provider. The National Finance Center (NFC) and personnel system, HR Connect, were chosen.</li> </ul>	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>
<p>Pursue transfer agreements with other federal agencies currently performing consumer protection functions.</p>	<ul style="list-style-type: none"> <li>CFPB identified the major mission-critical and supporting functional positions.</li> <li>CFPB developed a memorandum of understanding to negotiate with six federal agencies to transfer employees.</li> <li>Agreements with five federal agencies were negotiated and the process for transferring employees was established and implemented.</li> </ul>	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>
<p>Staff up the bureau's critical leadership positions and core functions.</p>	<ul style="list-style-type: none"> <li>CFPB identified and detailed federal employees to serve on an implementation team to help stand-up CFPB.</li> <li>The implementation team developed a hiring process. They met with Organization Officers to define competencies for Associate Directors. Associate Directors were hired and the same process was performed to define competencies for Assistant Directors.</li> <li>Assistant Directors defined competencies for mission-critical and supporting populations for hiring core functions.</li> </ul>	<ul style="list-style-type: none"> <li>Staff the vacant critical leadership positions</li> <li>Develop a long-term recruitment plan.</li> <li>Long-term recruiting efforts to focus on acquiring specialized competencies necessary to round out workforce</li> </ul>

**Table 3: Alignment with Performance Standards (Leadership and Knowledge Management System)**

Factor	Score	Summary of Performance	Priority	Finding / Recommendation
Leadership Succession Management		Key accomplishments include: (1) Designed and applied the Succession Management Apparatus to capture data of leadership workforce, projection of attrition for term appointments;(2) Used the Executive Core Qualifications (ECQs) as a basis for developing CFPB Executive Competencies; (3) Assessed and purchased succession module in performance tool.	Low	<ul style="list-style-type: none"> <li>Develop Executive/Management Development Program.</li> <li>Ensure availability of trained mentors to support new and prospective leaders, and employees in development programs.</li> </ul>
Change Management		Key accomplishments include: (1) Culture club established to coordinate and present lunch and learns to communicate change, branding, engage employees; (2) Completed a demographics analysis to define CFPB demographics and diversity; (3) Designed and implemented values and culture workplace activities.	High	<ul style="list-style-type: none"> <li>Define individual performance plans to rate leaders and managers on their implementation of change initiatives as change is ongoing.</li> <li>Document the bureau's strategy and plan for communication of change.</li> </ul>
Integrity and Inspiring Employee Commitment		Key accomplishments include: (1) Focused on open communication by holding multiple town meetings and lunch and learns; (2) Completed a values survey to establish core values; (3) New employees attend 1.25 hours ethics training.	Medium	<ul style="list-style-type: none"> <li>Participate in an OPM led, Employee Viewpoint Survey to utilize a mechanism for anonymous employee feedback.</li> <li>Establish IDPs including teamwork, collaboration and other mechanisms to drive performance for a highly engaged staff.</li> </ul>
Continuous Learning		Key accomplishments include: (1) New hire on-boarding program established understanding of how to best engage and succeed at CFPB (2) Established training for mission-critical positions, Examiners and Consumer Response Specialists; (3) Partnered with Treasury Department to use the Treasury Learning Management System.	High	<ul style="list-style-type: none"> <li>Develop CFPB Training and Workforce Development Plan that builds competencies important to strategic goals and objectives and CFPB's performance plan execution.</li> <li>Tie competency models to individual development plans for mission critical employees.</li> </ul>
Knowledge Management		Key accomplishments include: (1) Developed SharePoint system for library of materials; (2) Designed knowledge management system enhancements for upcoming performance management tool; (3) Staff participates in conferences and communities such as in the research markets and regulations and Consumer Behavior.	Medium	<ul style="list-style-type: none"> <li>Define the value of sharing knowledge for reuse and collaboration.</li> <li>Establish mechanisms such as incentives or a requirement on individual performance plans to drive use and reuse data sources.</li> </ul>

**Table 4: Alignment with Performance Standards (Results-Oriented Performance Culture System)**

Factor	Score	Summary of Performance	Priority	Finding / Recommendation
Communications		Key accomplishments include: (1) CFPB's mission, goals and objectives are communicated in on-boarding and multiple programs and communications and distributed in hard copy; (2) Culture Club gathers feedback and other input.	High	<ul style="list-style-type: none"> <li>Establish a communication strategy that shares the vision, mission, and other related documents such as the Human Capital Strategic plan.</li> <li>Survey employees to gather data that indicates they are aware of the strategic plan and goals.</li> </ul>
Performance Appraisal		Key accomplishments include: (1) Designed competencies at all levels and developed a rating scale and competency indicators. (2) Designed performance management system for implementation into Cornerstone tool. (3) Feedback "conversations" in lieu of performance system being held for all employees regardless of length of employment.	Medium	<ul style="list-style-type: none"> <li>Establish division goals that tie to organizational goals.</li> <li>Integrate organization goals into Cornerstone performance management system.</li> <li>Develop process for dealing with poor performance and communicate process.</li> </ul>
Awards		Key accomplishments include: (1) Benefits and pay is defined in on-boarding; (2) Conducted best practice research found in similar FIRREA agencies. (3) Presented certificate of achievement awards to the implementation team and the Founder's Club.	Low	<ul style="list-style-type: none"> <li>Design, communicate and implement a formal award program that aligns with organizational goals and values.</li> <li>Establish proposed awards such as Merit pay, Short-term incentives, recognition program and other performance award programs.</li> </ul>
Pay for Performance		Key accomplishments include: (1) Compensation methodology and creative pay structures have been developed, explained and communicated broadly; (2) Under the Dodd-Frank Act, established compensation and benefits program.	Medium	<ul style="list-style-type: none"> <li>Establish clear pay distinctions for performance in Cornerstone Performance Management System.</li> <li>Communicate updates, revisions and performance philosophy that create incentives.</li> </ul>
Diversity Management		Key accomplishments include: (1) Developed and presented CFPB Demographics' Analysis to track and analyze workforce diversity. (2) Plan for targeted recruiting & outreach at diversity-focused events.	Medium	<ul style="list-style-type: none"> <li>Develop Diversity Plan and communication throughout CFPB.</li> <li>Publish up-to-date policies that indicate zero tolerance for sexual harassment and discrimination in the workplace.</li> </ul>
Labor Relations Management		Key accomplishments include: (1) The CFPB does not have union activity at this time, but it has invested in staff that can support labor relations should the occasion arise.	N/A	<ul style="list-style-type: none"> <li>This is not applicable at this time.</li> </ul>

**Table 5: Alignment with Performance Standards (Talent Management System)**

Factor	Score	Summary of Performance	Priority	Finding / Recommendation
Recruitment		Key accomplishments include: (1) Recruited and hired 525 employees by 7/31/11 exceeding federal government timelines; (2) Established recruitment process in private and public sectors and negotiated and implemented memoranda of understanding with 6 government agencies to transfer employees to the CFPB between July and October 2011; (3) Developed a comprehensive set of metrics to measure hiring effectiveness. (4) Conducted targeted recruitment and outreach to diversity sources and stakeholders.	High	<ul style="list-style-type: none"> <li>• Develop long-term Recruitment Plan to: address staffing needs and anticipated gaps in critical skills and competencies; and establish performance indicators and to close skill gaps for mission-critical occupations.</li> <li>• Develop innovative hiring and outreach programs to attract talented and skilled candidates from diverse backgrounds.</li> <li>• Develop a process that holds managers accountable for effective and efficient recruitment activities for their units.</li> </ul>
Retention		Key accomplishments include: (1) CFPB has established productive, supportive work environment programs such as, flexible work schedules, telework, domestic partner benefits, short- and long-term disability, emergency child care services, physical exam program, employee assistance program and parental leave benefits; (2) Training has been developed for mission-critical occupations; (3) Innovative compensation strategies have been developed.	Medium	<ul style="list-style-type: none"> <li>• Explore strategies to retain mission-critical occupations.</li> <li>• Develop a retention plan.</li> </ul>

**Table 6: Recommendations for Out-of-Scope HCAAF Systems**

HCAAF System	Recommendations
Strategic Alignment System	<ul style="list-style-type: none"> <li>• Develop Human Capital Strategy that aligns to the CFPB's mission, goals and objectives and facilitates workforce planning.</li> <li>• Establish a strategic partnership with Human Resource for workforce planning.</li> <li>• Develop a process to collaborate with other federal government agencies and private sector regarding effective human capital strategies and to benchmark best practices and lessons learned.</li> </ul>
Accountability System	<ul style="list-style-type: none"> <li>• Develop a formal accountability system that states the bureau's accountability policy, key responsibilities, outcomes and measures, milestones and results and meets OPM's requirements for a sound human capital accountability system that measures effectiveness in meeting the requirements.</li> <li>• Develop an appraisal system for senior executives that has appropriate measures or indicators of employee and or customer feedback.</li> <li>• Develop a process that holds managers and human resources officers accountable for efficient and effective human resources management in support of the bureau's mission.</li> </ul>



## Section 3: Consumer Response

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### 3.1 Scope of Audit

In this section, we establish scope boundaries for our audit of CFPB’s performance in the area of Consumer Response. Consumer Response’s mandate is to facilitate the centralized collection of, monitoring of, and response to complaints regarding consumer financial products or services; and to interpret and utilize consumer complaints and other feedback both to improve its own operations and to contribute to the eventual improvement of consumer financial products/services. This mandate and the operations required to address it align closely with customer experience management and customer loyalty disciplines in a wide variety of business-to-business (B2B) and business-to-consumer (B2C) industries.

In order to evaluate the CFPB’s performance with respect to Consumer Response, we employed an overall framework informed by both general customer experience management best practices and a behavioral model originally developed by the American Customer Satisfaction Index (ACSI) to provide insight into consumer satisfaction with local and federal government services (i.e., the American Consumer Satisfaction Index™ Government Model)<sup>1</sup>. The resulting framework, diagrammed in the figure below, contains three main components—*experience preparation*, *experience execution*, and *desired stakeholder behaviors*.

Our premise is that stakeholder<sup>2</sup> behaviors and reactions with regard to a given entity (e.g., CFPB Consumer Response) are a direct byproduct of how well that entity: (1) understands stakeholder needs and expectations; (2) defines how it will address stakeholder needs and expectations; and (3) executes/adjusts its operational plans based on stakeholder feedback. Specifically, *experience preparation* may include key activities like:

- defining and segmenting key operational stakeholders – consumers and/or others
- gathering insight from stakeholders on their needs and expectations relative to Consumer Response activity – essentially, the “ideal experience” they desire
- crafting a high-level strategy to address stakeholder needs and deliver the desired stakeholder experience, given any other pre-existing operational metrics or constraints (legal, operational or financial)

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<sup>1</sup> The American Customer Satisfaction Index, (ACSI) is a private company originally founded in 1994 through the partnership of the University of Michigan/Ross School of Business, the American Society for Quality, and Claes Fornell International. The ACSI interviews about 80,000 Americans annually and asks about their satisfaction with the goods and services they have consumed. Respondents address a wide range of business-to-consumer products and services, including durable goods, services, non-durable goods, local government services, federal government services, etc. Results from data collection and analyses are released to the public throughout each calendar year and utilized to inform and test behavioral models that connect product/service provider actions with desired customer outcomes (e.g., satisfaction, willingness to purchase and/or recommend). The American Consumer Satisfaction Index™ Government Model is one of these models.

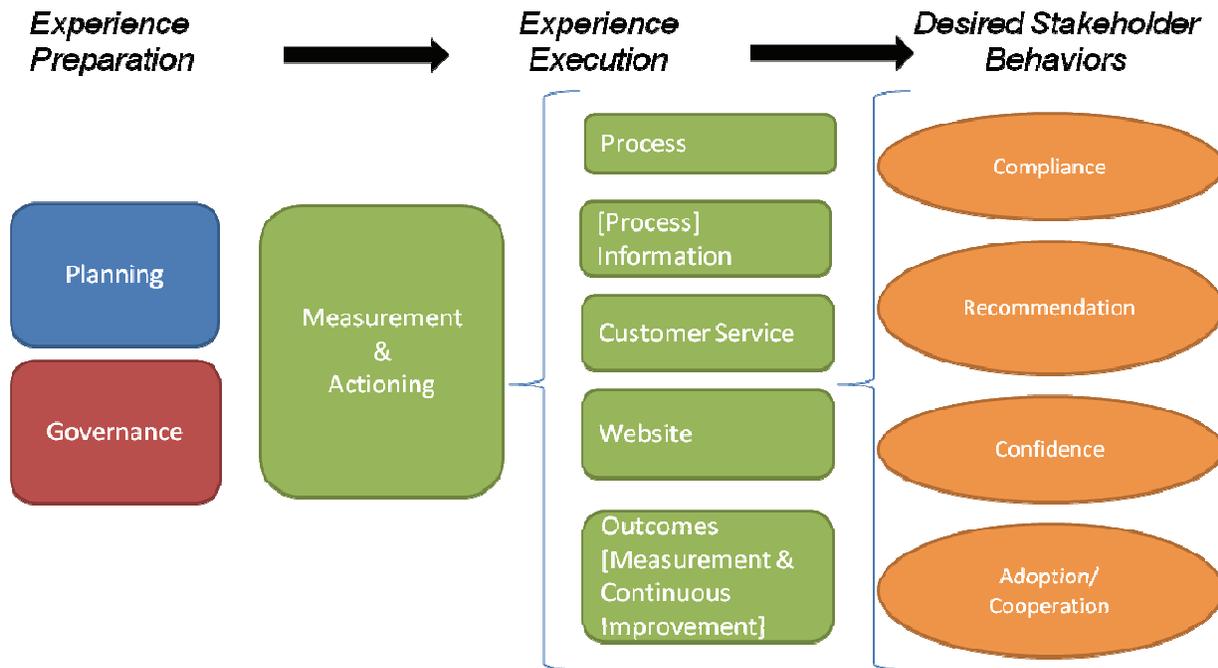
<sup>2</sup> The term “stakeholders” is used here to refer to consumers, Congress, covered persons/entities as defined in Dodd-Frank, and other federal agencies

- defining clear roles, responsibility and accountability for ideal experience delivery within Consumer Response and between Consumer Response personnel and other relevant departments or agencies

*Experience execution* is all about following through: embedding key elements of ideal experience strategy and regular stakeholder feedback into daily operating processes, policies, and systems. Execution begins with implementing key business processes that reflect stakeholder needs; within Consumer Response, these would include intake, tracking/resolution and analysis/reporting processes. Beyond this, successful experience execution may be dependent on multiple related factors, including things like:

- providing clarity to stakeholders around key business processes [Process Information]
- administering communication channels for stakeholders that reflect how stakeholders want to interact with Consumer Response, available when stakeholders want them [Customer Service, Website]
- instituting process and outcome measurement capabilities and using insight from measurement for the purposes of continuous improvement [Outcomes Measurement & Continuous Improvement]

### Consumer Response Evaluation Framework



In the case of CFPB Consumer Response, resulting *desired stakeholder behaviors* may include things like:

- stakeholder agreement that the bureau is delivering on its legislative mandate,
- stakeholder willingness to recommend existing CFPB Consumer Response processes to others to resolve relevant disputes or address relevant inquiries,

- stakeholder confidence in CFPB Consumer Response processes and personnel, or
- stakeholder cooperation, co-development and/or compliance with CFPB policies, processes and guidance

The CFPB's Consumer Response function is new enough that it may not be possible to assess the degree to which the bureau is achieving these desired stakeholder behaviors today. However, we can examine its experience preparation and experience execution activities to date—as well as related systems, processes and tools—to gain insight on how well Consumer Response may achieve desired stakeholder behaviors in the future. For more information on each of the experience preparation and execution activity areas in the graphic above, see our evaluation criteria in Section 3.2.

Our audit focuses predominantly on the CFPB credit card complaint system with the understanding that many of the tools, practices and roles being put into place to execute this system are foundational to future Consumer Response activities. That said, it is not expected that the activities and plans listed above will fully address all aspects of the performance framework listed in Section 3.1. Our efforts have disproportionately focused on those areas of experience preparation and execution that were fully operational as of August 31, 2011.

In cases where the CFPB has already demonstrated progress or documented future-state plans, those activities are mapped to the corresponding area of our evaluation framework, and performance is evaluated relative to our proposed criteria (see Section 3.2). For those framework areas where the bureau has not yet demonstrated progress or has limited performance data, this performance audit provides general recommendations regarding: (1) best practices with respect to performance in these dimensions; and (2) future audits of performance in these areas. As an example, a detailed quantitative and qualitative analysis of call center operational efficiency is out of scope for this audit, although it represents a prospective focus area for future audits of Consumer Response performance given CFPB reliance on this as a complaint/inquiry intake channel.

## 3.2 Evaluation Criteria

The purpose of this section is to describe the evaluation criteria for this review area (associated findings and recommendations are presented in Section 3.3). As with other areas of performance, our audit focuses on three sets of criteria: (1) compliance with legal requirements; (2) achievement of organizational goals; and (3) alignment with performance standards, best practices, and/or benchmarks.

### 3.2.1 Compliance with the Law

The bullets below describe specific provisions of the Dodd-Frank Act that establish requirements and/or evaluation criteria in the area of Consumer Response (Sections 1013(b)(3) and 1034).

- **Section 1013(b)(3)(A) of the Dodd-Frank Act** requires the CFPB to establish “a single, toll free telephone number, a website, and a database or utilizing an existing database to facilitate the centralized collection of, monitoring of, and response to consumer complaints regarding consumer financial products or services.”

- **Section 1013(b)(3)(A) of the Dodd-Frank Act** requires the CFPB to coordinate with the FTC and other federal agencies to route complaints to those agencies, where appropriate, and route complaints “[t]o the extent practicable” to states that meet certain requirements.
- **Section 1013(b)(3)(C) of the Dodd-Frank Act** requires the CFPB to report to Congress annually on complaint numbers, types and, where applicable, resolution. In addition, Section 1016(b)(2) calls for semiannual reports that include “an analysis of complaints about consumer financial products and services that the Bureau has received and collected in its central database on complaints during the preceding year.”
- **Section 1013(b)(3)(D) of the Dodd-Frank Act** requires the CFPB to share data with prudential regulators, the Federal Trade Commission, other Federal agencies, and State agencies, to “facilitate preparation of [annual Congressional] reports . . . , supervision and enforcement activities, and monitoring of the market for consumer financial products and services.”
- **Section 1034(a) of the Dodd-Frank Act** requires the CFPB to establish (in consultation with the appropriate federal regulators) “reasonable procedures to provide a timely response to consumers, in writing, where appropriate” to complaints and inquiries that include the regulators’ steps in response; responses received from the covered person; and any follow-up regulator actions.
- **Section 1013(e)(1)(B) of the Dodd-Frank Act** requires the CFPB to monitor complaints by servicemembers and their families, and responses thereto.

### 3.2.2 Achievement of Organizational Goals

In order to assess achievement of organizational goals, we evaluated the progress that CFPB has made towards measurable goals that are documented in CFPB planning artifacts. The bullets below describe the specific organizational goals that are included in our analysis. These goals were derived from Consumer Response-provided documentation including new hire training materials, contact center statement of work and related service level agreement materials and product rollout schedules. Goals by major operational area include:

- Overall Standup
  - Meet documented milestone timing in Contact Center Phase I & II milestone calendar
  - Meet documented milestone timing for overall Consumer Response project plan (across all major initiatives, beyond just the CFPB contact center)
- Intake of Consumer Contacts – Contact Center
  - 100% compliance with contact center service level agreement
- Routing of (Credit Card) Complaints
  - Routing of complaints to banks, regulators within 48 hours of intake
- Routing of Other Contacts, Inquiries

- Immediate response to Tier 1 through 2 phone inquiries
- Absolute maximum elapsed time of 7 days between warm transfer of Tier 3 phone inquiry and resolution (ideal within 24 hours)
- Acknowledgement of written inquiry within 48 hours of receipt
- Response to written inquiry by Consumer Response within 30 days of receipt
- Management and Tracking of Complaints and Resolution (Bank/Regulator Resolution)
  - Response from bank/regulator to consumer within 10 days of initial complaint
  - Response from bank/regulator during 1<sup>st</sup>, 2<sup>nd</sup> or 3<sup>rd</sup> tier CFPB investigations (note: target in this case is not yet established as of September 27, 2011)
- Management and Tracking of Complaints and Resolution (CFPB Investigations)
  - Completion of 1<sup>st</sup>, 2<sup>nd</sup> or 3<sup>rd</sup> tier investigations within 20 days of investigation start
- Quality Assurance and Analysis/Reporting of Contact Data
  - To be determined, and therefore generally excluded from this “achievement of organizational goals” analysis; this element of Consumer Response operations is still clearly in standup mode (e.g., hiring analysts, investigation staff is in process as of September 27, 2011).

### 3.2.3 Alignment with Performance Standards and Best Practices

In order to assess alignment with performance standards and best practices, we evaluated the progress that CFPB has made relative to an overall performance framework that is informed by both general customer experience management best practices and the American Consumer Satisfaction Index™ (Government Model), as described in section 3.1. They include:

- Planning Standards
  - Evidence of segmenting stakeholder base and soliciting information on desired stakeholder experience (stakeholder experience definition)
  - Clear mapping between stakeholder experience and department functionality
  - Documentation that includes milestones, timing, critical dependencies
- Governance Standards
  - Clear roles/responsibilities/accountability within CR
  - Clear roles/responsibilities/accountability between CR and related agencies, covered persons
  - Documented/clear/accessible internal operating standards and related targets
- Measurement & Actioning Standards (Process)
  - Ease and timeliness of intake processes
  - Ease and timeliness of resolution processes (credit cards)
  - Ease and timeliness of reporting processes (credit cards)
  - Alignment of channels/touch points to key consumer segments
- Measurement & Actioning Standards (Information)

- Accessibility and transparency of complaint resolution process and outcomes (from stakeholder point of view)
- Measurement & Actioning Standards (Customer Service)
  - Courtesy and professionalism of live touch points (800 # call center/IVR and live chat)
- Measurement & Actioning Standards (Website)
  - Ease/utility of CR website – consumer complaint intake form
  - Ease/utility of CR website – other current supporting functionality (e.g., Tell Your Story)
- Measurement & Actioning Standards (Outcomes)
  - Performance versus internal standards/metrics (e.g., time to resolution)
  - Performance versus stakeholder expectations (beyond basic compliance)
  - Linkage between measurement and continuous process improvement
  - Quality of reporting to inform future CFPB scope, reduce complaints over time

### 3.3 Findings and Recommendations

In this section, we present key findings and recommendations for each of the three sets of criteria included in the performance audit: (1) compliance with the legal requirements; (2) achievement of organizational goals; and (3) alignment with performance standards, best practices, and/or benchmarks. The supporting tables referenced throughout this section are presented at the end of the section.

#### 3.3.1 Compliance with Legal Requirements

Table 7 presents our assessment of the CFPB's compliance with legal requirements. Each row in this table corresponds to a specific legal requirement. For each requirement, we describe the progress that the bureau has demonstrated to date, along with recommendations for future action. The bullets below highlight our key findings and recommendations

- **CFPB's Consumer Response function has complied with all relevant legal requirements.** CFPB should use the credit card complaint standup approach – and learnings derived from its initial implementation – as a template of sorts as Consumer Response continues to expand its scope beyond the credit complaint area into mortgages and other financial products/services.

#### 3.3.2 Achievement of Organizational Goals

Table 8 presents our detailed assessment of the CFPB's achievement of organizational goals. Each row in this table corresponds to a specific organizational goal. For each goal, we describe the progress that the bureau has demonstrated to date (findings), along with recommendations for future action. The bullets below highlight our key findings and recommendations.

- **Consumer Response is in compliance with its own internal organizational performance targets** in those areas where: (1) targets have been documented; and (2) CFPB has officially begun holding itself and others to performance targets that have been set thus far.

- **CFPB should finalize all remaining targets tied to major operational metrics – and begin enforcing targets as soon as possible.** As of this report, Consumer Response has yet to establish and/or enforce final targets for operational metrics like maximum bank/regulator response time during CFPB investigations, or standards around frequency and scope of periodic quality assurance analysis and reporting (outside the intake/call center area). The sooner CFPB establishes targets for these critical activity areas, the sooner it can begin tracking performance associated with the full scope of its mandate, and the better prepared it will be to provide periodic reporting and analysis to other stakeholders. From a practicality perspective, committing to and enforcing targets quickly also helps avoid generating an unworkable backlog of complaints and/or investigations as consumer contact volume invariably increases. Enforcing existing targets should also increase the speed with which key external contractors (e.g., contact center) build a sense of accountability and responsiveness to improve average customer service representative skills and consistency of service delivery.
- **CFPB should consider adding consumer resolution dispute rate to its featured short-list of major operational metrics.** Including this metric (i.e., % of “resolved” complaints that consumers subsequently dispute) can increase leadership visibility into what affected consumers may perceive as the effectiveness of current Consumer Response processes, and help uncover themes and/or emerging issues in individual bank investigation performance. Today, all metrics and targets listed in section 3.2.2. of this document focus exclusively on efficiency (timeliness).
- **CFPB should organize milestone information across Consumer Response.** We also suggest that Consumer Response establish a master milestone calendar across all its major projects and initiatives to track progress and surface critical interdependencies. Documentation provided by CFPB during this audit contains examples of master milestone tracking up through CFPB’s July 21 launch date, but only evidence of milestone development and tracking on an individual project and/or functional area basis thereafter. Consolidating and tracking milestones across projects today will continue to help the department manage its ongoing standup activities and communicate progress effectively to internal and external stakeholders.
- **CFPB should establish a single Consumer Response master dashboard to track and communicate actual performance against targets.** This master dashboard may contain different tabs/views, covering either department-wide (standup) goals or goals specific to each financial product CFPB eventually addresses. Generally, however, the goal should be to minimize differences across dashboard views to ensure appropriate focus on the core elements of Consumer Response’s mission, and to facilitate easy comprehension and interpretation of performance data. We would, for example, expect the operational area categories from section 3.2.2 of this document (e.g., overall standup, intake of consumer contacts, routing of complaints) to remain fixed, across any covered/relevant financial product. Internal metrics from section 3.2.2 (e.g., compliance with contact center service level agreement) would also change very little across products, emphasizing process timeliness and consumer satisfaction data once CFPB emerges from its initial standup phase. Individual targets may vary more

broadly, reflecting process nuances associated with complaint resolution and investigation for different product types.

### 3.3.3 Alignment with Performance Standards and Best Practices

Table 9, Table 10 and Table 11 present our assessment of the CFPB's alignment with performance standards and best practices. Each row in these tables corresponds to a specific performance criterion/success factor within our larger Consumer Response evaluation framework (see section 3.1). For each success factor, we provide the following information: (1) a rating of CFPB's performance to date, using a stoplight scale (i.e., Red, Yellow or Green); (2) a summary of demonstrated performance; (3) the priority of future progress in this area, based on the importance of the performance area for a start-up organization; and (4) recommendations for future action.

Two overarching themes exist across our evaluation, namely:

1. **Consumer Response has clearly leveraged stakeholder feedback to help frame its initial organizational design.** Recall that understanding stakeholder needs/expectations and using this understanding to inform operations is a critical driver of desired stakeholder behavior (e.g., adoption/usage, cooperation, recommendation).
2. **Consumer Response currently demonstrates operational rigor to deliver the desired stakeholder experience from an intake process perspective** – particularly when it comes to process documentation and training associated with its contact center.

Going forward, the challenge for Consumer Response is to:

- Maximize consistency in its contact center intake technician and specialist performance;
- Develop the same process and performance rigor for currently developing operational areas outside of intake, particularly in the areas of CFPB complaint review and investigation;
- Balance ongoing operational improvement in the credit card area while maintaining momentum in the expansion of other covered financial products and services, and
- Continue to establish and use formal stakeholder feedback channels, both for continuous improvement with its credit card complaint processes and to inform design as it moves beyond this area

The bullets below highlight our other key findings and recommendations not yet referenced in the preceding discussion within this document's Findings and Recommendations section.

#### Nearest-Term Opportunities for Improvement (High Priority)

- **CFPB should implement an OMB-approved consumer satisfaction survey** as a basic means to begin systematically collecting feedback directly from those who are experiencing CFPB's operations today.
- **CFPB should leverage the feedback it is already collecting.** As one example, the bureau should continue to establish operational goals and processes around mining contacts currently stored in Consumer Response's contact management system as "feedback."

- **CFPB should complete the standup of key remaining operational enablers.** This includes launching Consumer Response’s consumer-facing knowledge base, completing implementation of its complex case management system, and ramping up to at least minimum analyst staffing levels required to support quality assurance reviews for CFPB investigations and to develop/execute a master performance dashboard (as referenced on page 31). It also includes accelerating the in-process standup of contact center CSR monitoring and coaching/training to improve consistency of CSR performance.

### **Mid-Term Opportunities for Improvement (Medium Priority)**

- **CFPB should draft a more formal “stakeholder feedback platform” plan,** which would address topics such as: (1) how feedback will be collected and used to improve operations; and (2) how feedback will be collected and used to improve financial products and services. CFPB should whiteboard current feedback mechanisms by key operational areas, (e.g., intake, routing, tracking/resolution, analysis) channels (e.g., website, toll-free number) and stakeholder type (e.g., prudential regulators, covered persons, consumer advocacy groups, mass consumer audiences). In order to test the relevance and value of these feedback mechanisms, CFPB should consider who will use the feedback from each data stream, how the feedback will be used, and what the bureau [or other relevant stakeholders] will do differently as a result of this feedback.
- **CFPB should look for gaps in the formality, frequency, coverage and intent/functionality of its existing feedback mechanisms.** The ideal platform should include a mix of quick/near-time/operational feedback and broad/infrequent/strategic feedback. CFPB should bound the volume of feedback mechanisms in part based on its bandwidth to analyze the resulting data. Feedback channels can also offer the opportunity to understand CFPB performance/value from the view of the stakeholder and act as a form of outreach to collaborate on solution development or continuous improvement. One vehicle for this type of collaboration is a stakeholder advisory board/community (or multiple versions of the same). Tips to maximize the impact of stakeholder advisory boards include:
  - Enact rotating membership, limiting stakeholder participants to 18 to 24-month terms maximum
  - Focus formal board meetings/discussions on a single objective and related discussion topic whenever possible, and prepare board members with advance materials to provide context
  - Use board member feedback to inform future topics and to shape the frequency of interaction – but generally, expect quarterly interaction at most
  - Use a third-party facilitator to moderate meetings, allowing Consumer Response staff to contribute and listen actively. (Note: “third-party” can mean a CFPB staff member outside of Consumer Response. Focus group facilitation experience is a plus for any potential moderator.)
  - Explore opportunities to facilitate interaction between board members outside Consumer Response – often, board members see the opportunity to build relationships with other members as part of what makes membership worthwhile

- **CFPB should communicate progress to key stakeholders.** Specifically, the bureau should consider employing the concept of an “annual CFPB Consumer Response scorecard” to summarize key performance metrics, results, feedback themes and implications and/or anticipated improvement initiatives. A scorecard of this type, distributed to Consumer Response staff along with internal and external stakeholders, improves accountability, maximizes clarity of operations and reinforces CFPB’s commitment to its mandate.
- **CFPB should complement its existing position description and procedural documentation with RACI.** A 1 or 2-page RACI document should map out who is responsible, accountable, who should be consulted and who should be informed with regard to major activities within Consumer Response. A RACI document provides a single, easily digestible artifact of roles and responsibilities with and across CFPB and related agencies/covered persons. This can be a valuable communications tool given how dependent Consumer Response operations are on close coordination with other CFPB offices and external stakeholders.
- **CFPB should institute a “universal contact code” policy** for all contacts, assuming one does not currently exist. The bureau should mandate the use of this policy on all communications/status updates associated with individual complaints or related investigations – particularly on any documents that may exist outside of Consumer Response’s contact management system. The code can enable easy tracking of information as it flows between Consumer Response, regulators and covered persons, and should tie to relevant record ID codes within the contact management system.

#### **Longer-Term Opportunities for Improvement (Low Priority)**

- **CFPB should complete the conceptual development of a feedback platform, secure approvals as needed and begin to implement.** Note that “approvals” in this case means both completing relevant compliance activity (e.g., Paperwork Reduction Act-mandated work), but also securing buy-in from other CFPB offices or other key stakeholders to utilize insight generated from the feedback that Consumer Response collects and analyzes.
- **CFPB should enhance process transparency to consumers and other stakeholders.** One way to accomplish this goal is to leverage stakeholder feedback, in order to enhance the clarity of CFPB processes and performance expectations in ways that are relevant to each major stakeholder group. For consumers, one relatively quick “win” in this area would be to build notification capability to alert complainants as investigations move through CFPB’s tiers. For other CFPB offices, this could mean exploring the feasibility of replicating the current knowledge-sharing model in place with the Office of Servicemember Affairs (OSA), thereby improving the ability of other departments to contribute to Consumer Response’s investigation, tracking and analysis efforts.
- **CFPB should consider enhancing future intake specialist, investigator and QA/QC staff capabilities via certification program(s).** It is our understanding that CFPB is in the process of developing more formal performance management systems as of this report date. Intake specialists, investigators and QA/QC staff are three CFPB operational roles that may benefit

from the establishment of a more formal certification program as part of this work. Setting and supporting certification expectations helps enforce consistent delivery of the desired stakeholder experience when it comes to complaint tracking, resolution and analysis – in much the same way as the formal customer service representative evaluation and training programs that Consumer Response is implementing now is designed to reinforce consistent quality among its contact center staff.

**Table 7: Compliance with Legal Requirements**

Legal Requirement	Demonstrated Performance	Finding / Recommendation
<p>Centralize the intake for consumer complaints about consumer financial products and services. Establish "a single, toll-free telephone number, a website, and a database or utilizing an existing database to facilitate the centralized collection of, monitoring of, and response to consumer complaints regarding consumer financial products or services." Section 1013(b)(3)(A).</p>	<ul style="list-style-type: none"> <li>CFPB website</li> <li>Contact center operational</li> <li>Critical dependency supporting systems (i.e., CRM) operational at base level functionality</li> </ul>	<p>Multiple compliance proof points extant today.</p>
<p>Route complaints. CFPB must coordinate with the FTC and other federal agencies to route complaints to those agencies, where appropriate, and route complaints "[t]o the extent practicable" to states that meet certain requirements. Section 1013(b)(3)(A), (B).</p>	<ul style="list-style-type: none"> <li>Routing polices executed via contact center and documented in Consumer Response Standard Operating procedures – focused on prudential regulators, covered persons.</li> </ul>	<p>No recommendations provided for this performance element</p>
<ul style="list-style-type: none"> <li>Report to Congress annually on complaint numbers, types and, where applicable, resolution. Section 1013(b)(3)(C).                      Semiannual reports will require "an analysis of complaints about consumer financial products and services that the CFPB has received and collected in its central database on complaints during the preceding year." Section 1016(b), (c)(4)</li> </ul>	<ul style="list-style-type: none"> <li>No reporting due as of audit date.</li> </ul>	<p>No recommendations provided for this performance element</p>
<p>Share data with prudential regulators, the Federal Trade Commission, other Federal agencies, and State agencies, to "facilitate preparation of [annual Congressional] reports . . . , supervision and enforcement activities, and monitoring of the market for consumer financial products and services." Section 1013(b)(3)(D).</p>	<ul style="list-style-type: none"> <li>No reporting due as of audit date.</li> </ul>	<p>No recommendations provided for this performance element</p>
<p>Work with other regulators to establish timely response procedures. CFPB shall establish (in consultation with the appropriate federal regulators) "reasonable procedures to provide a timely response to consumers, in writing, where appropriate" to complaints and inquiries that include the regulators' steps in response; responses received from the covered person; and any follow-up regulator actions. Section 1034(a).</p>	<ul style="list-style-type: none"> <li>Routing polices and investigation expectations documented in Consumer Response Standard Operating procedures</li> </ul>	<p>Processes will continue to change over near-term as CFPB iterates with regulators and covered persons. Example: bank portal adjustments.</p>

Legal Requirement	Demonstrated Performance	Finding / Recommendation
<p>Monitor complaints by <u>servicemembers and their families</u>, and responses thereto. Section 1013(e)(1)(B).</p>	<ul style="list-style-type: none"> <li>• Contact center paper, web, and telephone complaint intake methods all include questions to identify servicemembers and dependents of servicemembers as well as branch, rank, and status.</li> <li>• Consumer Response periodically shares exports of servicemember complaints with OSA.</li> <li>• OSA's Consumer Response Specialist attended Consumer Response's regulatory and CRM system training and has access to the CRM system, which includes the ability to query by servicemember.</li> <li>• Direction/links to VA home loan website to access specialized services outside current CFPB scope</li> </ul>	<p>No recommendations provided for this performance element</p>

**Table 8: Achievement of Organizational Goals**

Operational Area	Key Internal Metric/Standard	Target When Fully Operational	Actual To Date	Finding / Recommendation
Overall Standup	Contact Center Phase I & II milestone calendar	Meet documented milestone timing Meet documented milestone timing	Phase I – 95% done Phase II – 75% done	Consumer-facing FAQ/knowledge base not online Advanced/complex case management system not completely in place
	Consumer Response Project Plan		Not yet officially measured	Master project team list and master calendar leading to launch, but no ongoing master milestone calendar and related tracking across teams?
Intake of Consumer Contacts – Contact Center	Contact Center Service Level Agreement	100% compliance	Not yet officially measured	SLA in revision; per contractor agreement, does not go into effect until 90 days after launch date (7/21). That said, current CRM dashboard tracking of call center service levels all “green” for w/o 9/3/11
Routing of [Credit Card] Complaints	Complaint routing to banks, regulators	Within 48 hours	Within 48 hours	No recommendations provided for this performance element
Routing of Other Contacts/Inquiries	Response to phone inquiry – Tier 1 or 2 Response to phone inquiry – Tier 3 Acknowledgement of written inquiry Response to written inquiry by Consumer Response	Immediate Within 7 days maximum (24 hours preferred) Within 48 hours Within 30 days	Not yet officially measured	Target of 85% of phone inquiries addressed without transfer to manager or CFPB – at 85.6% w/o 9/3 CRM dashboard examples shared as of 9/16 focus on volume vs. “timeliness of response”

Operational Area	Key Internal Metric/Standard	Target When Fully Operational	Actual To Date	Finding / Recommendation
Mgt./ Tracking of Complaints & Resolution Bank/ Regulator	Response from bank/regulator to consumer – initial complaint Response from bank/regulator – inquiries tied to 1st, 2nd, 3rd tier investigation(s)	Within 10 days Not yet established	Not yet officially measured Not yet officially measured	Not yet holding banks to 10-day target. No formal targets set yet. Will need to set clear expectations to meet target for total elapsed investigation time (see next row).
CFPB Review/ Investigation	Elapsed time – 1st, 2nd, 3rd tier investigation	Within 20 days of investigation start	Not yet officially measured	Target per new hire training. CRM functionality that will allow for elapsed time tracking still in development.
QA and Analysis/ Reporting of Contact Data	Still in standup mode: hiring analysts, investigation QA staff	Not yet established	Not yet officially measured	Call center QA/QC infrastructure well developed, although SLA monitoring and analysis is just beginning. Open area is investigation analysis and tracking; expect this to be developed in parallel with current CRM/case management system development.

**Table 9: Alignment with Performance Standards (Planning)**

Factor	Score	Summary of Performance	Priority	Finding / Recommendation
Evidence of segmenting stakeholder base and soliciting information on desired stakeholder experience (stakeholder experience definition)		<ul style="list-style-type: none"> <li>Multiple accomplishments/proof points, beyond those mandated (i.e., SORN public commentary) including:                             <ul style="list-style-type: none"> <li>Consumer primary research (IDEO)</li> <li>Investigations into peer group activities and best practices</li> <li>Leveraging secondary data (e.g., IRS taxpayer preference study)/expertise</li> </ul> </li> </ul>	High	<ul style="list-style-type: none"> <li>Bureau should keep foundational work in mind when rolling out remaining product functionality</li> <li>Bureau may want to invest in supplemental research if/when CFPB explores additional functionality tied to niche consumer segments (e.g., elderly)</li> </ul>
Clear mapping between desired stakeholder experience and department functionality		Stakeholder research/input used for website design, multi-channel contact approach, and internal operating standards/metrics	Medium	<ul style="list-style-type: none"> <li>To maximize transparency/clarity, bureau should consider producing mapping document with stakeholder name/type, key suggestion(s), existing related functionality and planned functionality with expected due dates.                             <ul style="list-style-type: none"> <li>Here's what we heard</li> <li>Here's what we've done</li> <li>Here's why</li> </ul> </li> </ul>
Documentation that includes milestones, timing, critical dependencies		<ul style="list-style-type: none"> <li>Very detailed documentation around contact center itself, but have yet to see overarching Consumer Response function master project plan – in one place/document</li> <li>Important to isolate critical dependencies and contingency plans</li> </ul>	High	<ul style="list-style-type: none"> <li>Bureau should create single master project plan/calendar if it does not exist today</li> <li>Bureau should clearly isolate critical dependencies associated with said calendar/plan</li> <li>Bureau should leverage any upcoming strategic planning/budgeting activity to bolster plan documentation</li> </ul>

**Table 10: Alignment with Performance Standards (Governance)**

Factor	Score	Summary of Performance	Priority	Finding / Recommendation
Clear roles / responsibilities / accountability within CR		<ul style="list-style-type: none"> <li>SOPs and interviews suggest collaboration, communication and transparency of roles/responsibilities within CR – although roles continue to evolve and new roles emerge.</li> <li>Evidence of clear roles and responsibilities within CFPB to support CR July 21 launch date (CR Steering Committee).</li> </ul>	High	<ul style="list-style-type: none"> <li>Bureau should include process measures and targets associated with individual roles in position descriptions / performance management expectations; tie to rewards/recognition</li> </ul>
		<ul style="list-style-type: none"> <li>SOP shows evidence of role expectations with regard to consumer contacts, but clarifying and formalizing roles – in particular, via holding agencies and covered persons accountable for them – is a work in progress</li> </ul>	Medium	
Documented/clear/accessible internal operating standards and related targets		<ul style="list-style-type: none"> <li>Internal standards and targets set for most operational areas</li> <li>Contact center new hire education includes information on targets</li> <li>Accessibility and common understanding of targets across entire CR organization and relevant external stakeholders is unclear</li> <li>Again – a work in progress</li> </ul>	Medium	<ul style="list-style-type: none"> <li>Bureau should explore linking both target and rationale within staff training for educational purposes</li> <li>Bureau should ensure that relevant metric definitions are easily accessible within any future dashboard reporting CR adopts</li> </ul>

**Table 11: Alignment with Performance Standards (Measurement & Actioning)**

Factor	Score	Summary of Performance	Priority	Finding / Recommendation
PROCESS: Ease and timeliness of intake processes		<ul style="list-style-type: none"> <li>SOP document with clear intake process documentation</li> <li>Training modules complete – just one example of in-depth CSR preparation to support process</li> <li>Evidence of addressing iterative change requests to tweak contact center SOP/supporting CRM</li> </ul>	High	<ul style="list-style-type: none"> <li>Bureau should monitor user comments for navigational ease past initial intake page – consider adding to website functionality</li> <li>Bureau should implement contact center customer satisfaction survey as soon as possible</li> </ul>
PROCESS: Ease and timeliness of resolution processes (credit cards)		<ul style="list-style-type: none"> <li>Challenges experienced in getting supplemental/follow up investigation data from banks and other bank portal functionality</li> <li>Case management system functionality incomplete in CRM;</li> <li>Team-based investigations approach minimizes learning curve for new staff</li> <li>Some anecdotal positive feedback shared by interviewees (from consumers)</li> </ul>	Medium	<ul style="list-style-type: none"> <li>Bureau should implement contact center customer satisfaction survey as soon as possible</li> <li>Bureau should consider employing “universal contact code” to enable easy tracking of contacts as information flows back and forth across regulators (and to increase ability to leverage already electronically stored paperwork/contact data associated with individual records)</li> </ul>
PROCESS: Ease and timeliness of reporting processes (credit cards)		<ul style="list-style-type: none"> <li>Formal reporting (e.g., Quality Assurance Reviews) not yet underway</li> </ul>	Medium	<ul style="list-style-type: none"> <li>Bureau should continue with relevant QC and data hires to resource measurement, inspection, reporting and related analysis</li> </ul>
PROCESS: Alignment of channels/touch points to key consumer segments		<ul style="list-style-type: none"> <li>Clear connection between stakeholder research and multi-channel approach</li> </ul>	High	<ul style="list-style-type: none"> <li>Bureau should continue to mine channel usage information to determine whether need to adjust hours of operation/access for non-internet-based channels</li> </ul>

Factor	Score	Summary of Performance	Priority	Finding / Recommendation
<p>INFORMATION: Accessibility, transparency of complaint resolution process and outcomes - from stakeholder point of view (POV)</p>		<ul style="list-style-type: none"> <li>No formal feedback systems in place today to gather consumer reactions to process or outcomes – so difficult to gauge performance from stakeholder POV</li> <li>While existing intake channels allow for unstructured feedback (via phone, Tell Your Story), mining of data to test accessibility/transparency is a work in progress</li> <li>Baseline still being measured for related metrics like consumer resolution dispute rate</li> </ul>	<p>Low</p>	<ul style="list-style-type: none"> <li>Bureau should continue building notifications capability/consumer portal access to allow for more robust status/tracking capability (i.e., notify consumer as investigation moves through tiers, as relevant).</li> </ul>
<p>CUSTOMER SERVICE: Courtesy and professionalism of live touch points (800 # call center/IVR and live chat)</p>		<ul style="list-style-type: none"> <li>All CSRs undergo soft skills training to reinforce professionalism in addition to a broader training program on SOP</li> <li>Evidence of using current CSR feedback/call performance to enhance tools available to CSRs during consumer interaction</li> <li>Contact center service level agreement sets standards for CSR performance, regular scoring/testing of contacts, and the use of related findings to improve training and CSR performance; however, contractor not officially held to SLA until November 1</li> <li>Initial opportunistic “test” of live chat and 800# showed courteous, professional interaction but some coordination issues (i.e., conflicting information from CSR and live chat operator on same topic)</li> <li>Remote monitoring of 2 sample recorded calls also showed inconsistency in service experience delivery – going “off script” versus current SOP, for example</li> </ul>	<p>High</p>	<ul style="list-style-type: none"> <li>Bureau should accelerate standup of call center QC activity and related coaching/training for individual CSRs to improve consistency of consumer contact experience</li> <li>Bureau should explore potential to accelerate adoption of SLA to before November 1</li> </ul>
<p>WEBSITE: Ease/utility of CR website – consumer complaint intake form</p>		<ul style="list-style-type: none"> <li><b>WebsiteGrader.com</b> - Website evaluation tool to evaluate ease, usability (in lieu of specific consumer feedback)</li> <li>Website Grade: 92 out of 100. Review report at</li> </ul>	<p>High</p>	<p>Bureau should monitor user comments for navigational ease/utility; can leverage low cost existing tools to get general experience feedback (e.g., 4Q)</p>

Factor	Score	Summary of Performance	Priority	Finding / Recommendation
<p>WEBSITE: Ease/utility of CR website – other current supporting functionality (e.g., Tell Your Story)</p>	<p style="text-align: center;"></p>	<p><a href="http://websitesgrader.com/site/www.consumerfinance.gov">http://websitesgrader.com/site/www.consumerfinance.gov</a></p>	<p style="text-align: center;">High</p>	<p><b>Homepage</b></p> <ul style="list-style-type: none"> <li>Bureau should consider moving “Building the CFPB” placement as functionality expands, to make room for clear calls-to-action associated with critical complaint intake activity</li> <li>Bureau should consider reducing height of the homepage to minimize vertical scrolling</li> </ul> <p><b>Search Engine Optimization</b></p> <ul style="list-style-type: none"> <li>Bureau should consider modifying text included in images on the CFPB homepage; images cannot be read by search engines (Google, Yahoo, Bing) therefore, rank lower in search results</li> </ul>
<p>OUTCOMES: Performance versus internal standards/metrics (e.g., time to resolution)</p>	<p style="text-align: center;"></p>	<ul style="list-style-type: none"> <li>Many internal standards not yet established</li> <li>However, for many of those set (e.g., complaint routing to banks/regulators) complying with internal standards</li> </ul>	<p style="text-align: center;">Medium</p>	<ul style="list-style-type: none"> <li>Bureau should continue implementation of contact center QA plan</li> <li>Bureau should get non-contact center operations to same level of metrics visibility as call center. This may include:                             <ul style="list-style-type: none"> <li>Creating automated dashboard</li> <li>Monitoring no less than 3X per month</li> <li>Ensuring quarterly review/analysis cycle</li> <li>Developing improvement process and plans for metrics that fall short of standards</li> </ul> </li> </ul>
<p>OUTCOMES: Performance versus stakeholder expectations (beyond basic compliance)</p>	<p style="text-align: center;"></p>	<ul style="list-style-type: none"> <li>No customer satisfaction survey in place</li> <li>Awaiting satisfaction information collected via other channels (e.g., Tell Your Story)</li> <li>Periodic meetings with other stakeholders (i.e., banks, prudential regulators)</li> <li>Consumer Response Steering Committee creates formality to reinforce coordination within CFPB</li> <li>No formal assessment yet of performance vs. expectations</li> </ul>	<p style="text-align: center;">Medium</p>	<ul style="list-style-type: none"> <li>Bureau should ramp up customer satisfaction survey process as soon as possible</li> <li>Bureau should consider employing concept of an “annual CFPB scorecard” to summarize key metrics and anticipated improvement initiatives for distribution to full stakeholder base - way to formalize feedback collection/use</li> <li>Bureau should consider developing parallel team to internal Consumer Response steering committee via a formal (rotating membership) stakeholder advisory board</li> </ul>

Factor	Score	Summary of Performance	Priority	Finding / Recommendation
<p>OUTCOMES: Linkage between measurement and continuous process improvement</p>	<p style="text-align: center;"><b>Y</b></p>	<ul style="list-style-type: none"> <li>• Anecdotal use of stakeholder feedback to tweak existing processes (e.g., bank portal)</li> <li>• Contact center: call scoring and other related QA/process improvement underway with small QC team</li> <li>• But formal measurement systems largely at earliest stages of development today outside of intake/contact center</li> </ul>	<p>Medium</p>	<ul style="list-style-type: none"> <li>• Bureau should continue with relevant QC and data hires to resource measurement, inspection, reporting and related analysis – a core part of CR's mandate</li> </ul>
<p>OUTCOMES: Quality of reporting to inform future CFPB scope, reduce complaints over time</p>	<p style="text-align: center;">—</p>	<ul style="list-style-type: none"> <li>• No specific operational goals in place to date regarding mining contacts classified as "feedback"</li> </ul>	<p>Low</p>	<ul style="list-style-type: none"> <li>• Bureau should continue with relevant QC and data hires to resource measurement, inspection, reporting and related analysis</li> <li>• Bureau should establish single master dashboard core operating metrics on slides 30 and 31</li> <li>• Bureau should set internal standards for mining feedback, both as a safeguard to ensure incorrectly coded feedback is rerouted if necessary, and to provide fresh data/analysis on process improvement, emerging consumer concerns/needs, etc.</li> </ul>



## Section 4: Information Technology

### 4.1 Scope of Audit

In this section, we establish scope boundaries for our audit of CFPB’s performance in the area of Information Technology (IT). Our evaluation of the bureau’s performance in this area has three distinct components: (1) an evaluation of selected IT investments to date (i.e., project performance); (2) an evaluation of current-state operations of the IT investment process; and (3) an evaluation of IT investment process maturity. In order to evaluate performance across these three areas, we leveraged three complementary performance frameworks. In the table below, we introduce the source for each performance framework, and explain how we used the framework to support the performance audit.

Performance Framework	Evaluation Use
Federal IT Dashboard ( <a href="http://www.itdashboard.gov/">http://www.itdashboard.gov/</a> )	Establishes a framework for evaluating the performance of individual IT investments or projects, in terms of cost, schedule, and other performance metrics that are established by agency CIOs.
GAO Report: <i>Assessing Risks and Returns: A Guide for Evaluating Federal Agencies' IT Investment Decision-making</i> (AIMD-10.1.13)	Establishes a framework for evaluating how well an agency is selecting and managing its IT resources, and for identifying improvement opportunities.
GAO Report: <i>Information Technology Investment: A Framework for Assessing and Improving Process Maturity</i> (GAO-04-394G)	Establishes a framework for evaluating the maturity of an IT investment process. This report enhances the guidance from AIMD-10.1.13 through the creation of a formal maturity model for investment management—the Information Technology Investment Management (ITIM) Framework.

#### 4.1.1 Evaluation of Major IT Investments

The first component of our performance audit was an evaluation of selected IT projects that are currently underway at CFPB. The purpose of this component was to determine whether existing IT investments are proceeding according to established plans with respect to scope, schedule, and budget – and whether they are meeting the defined requirements. In order to evaluate performance in this dimension, we used the standards and criteria that defined by the Federal IT Dashboard (FITD). The FITD is a standardized method for all federal agencies to report on the health of their major IT projects, and to support decisions regarding the investment and management of IT resources.

#### 4.1.2 Evaluation of the IT Investment Process

The second component of our performance audit is an evaluation of operations of the IT investment process. The purpose of this component is to evaluate the overall planning and control of the IT investment process, including the methods that CFPB uses to select and manage IT projects, as well as the standards that are used to determine whether IT investments are supporting strategic goals. In

order to evaluate performance in this dimension, we used the standards and criteria that are defined in GAO's framework for evaluating Federal IT investment decision-making. This framework is based on three inter-connected dimensions:

- **Selection.** Setting priorities and making decisions regarding which IT projects should be funded.
- **Control.** Managing projects throughout the development lifecycle in order to ensure that projects deliver their intended results.
- **Evaluation.** Comparing actual results against expected results and assessing the project's impact on mission performance.

### 4.1.3 Evaluation of IT Investments Maturity

The third component of our performance audit was an evaluation of the maturity of CFPB's IT investment process. In order to evaluate performance in this dimension, we used the standards and criteria that are defined by GAO's Information Technology Investment Management (ITIM) Framework. This framework defines five progressive stages of maturity for IT investment management – and for each stage, it describes a set of criteria that must be in place to achieve that stage.

GAO developed the ITIM to be used both as a tool for organizational improvement, and as a standard against which to judge the maturity of an organization's IT investment management process. The specific maturity levels and associated criteria of the ITIM framework are described in greater detail in Section 4.2.3.2.

## 4.2 Evaluation Criteria

The purpose of this section is to describe the evaluation criteria for this review area (associated findings and recommendations are presented in Section 4.3). As with other areas of performance, our audit focuses on three sets of criteria: (1) compliance with legal requirements; (2) achievement of organizational goals; and (3) alignment with performance standards, best practices, and/or benchmarks.

### 4.2.1 Compliance with the Law

The Dodd-Frank Act did not specifically establish requirements and/or evaluation criteria in the area of IT Systems. However, there are laws that establish standards and criteria for IT systems and IT investment processes. Chief among them are the following:

- **E-Government Act of 2002 (Public Law 107-347, 116 Stat. 2899, 44 U.S.C. § 101, H.R. 2458/S. 803)**, United States statute enacted on December 17, 2002, with an effective date for most provisions of April 17, 2003. Its stated purpose is to improve the management and promotion of electronic government services and processes by establishing a Federal Chief Information Officer within the Office of Management and Budget, and by establishing a framework of measures that require using Internet-based information technology to improve citizen access to government information and services, and for other purposes.

- **Federal Information Security Management Act of 2002 (FISMA) (44 U.S.C. § 3541, et seq).** United States federal law enacted in 2002 as Title III of the E-Government Act of 2002 (Pub.L. 107-347, 116 Stat. 2899). The act recognized the importance of information security to the economic and national security interests of the United States. The act requires each federal agency to develop, document, and implement an agency-wide program to provide information security for the information and information systems that support the operations and assets of the agency, including those provided or managed by another agency, contractor, or other source.
- **Confidential Information Protection and Statistical Efficiency Act (CIPSEA).** This statute prohibits disclosure or release, for non-statistical purposes, of information collected under a pledge of confidentiality. Under CIPSEA, data may not be released to unauthorized persons.
- **The Clinger-Cohen Act of 1996 (formally the Information Technology Management Reform Act, Division E of Public Law 104-106)** The Clinger-Cohen Act requires federal agencies to focus on the results they are achieving through IT investments. Specifically, the act introduces much more rigor and structure into how agencies approach the selection and management of IT projects. Among other things, the head of each agency is required to implement a process for maximizing the value and assessing and managing the risks of the agency's IT acquisitions.
- **The Paperwork Reduction Act of 1995 (PRA) (Public Law 104-13).** PRA requires agencies to use information resources to improve the efficiency and effectiveness of their operations and fulfillment of their missions. It emphasizes achieving program benefits and meeting agency goals through the effective use of IT.
- **The Federal Acquisition Streamlining Act of 1994 (FASA) (Public Law 103-355).** Title V of FASA requires agencies to define cost, schedule, and performance goals for federal acquisition programs (including IT projects) and to monitor these programs to ensure that they remain within prescribed tolerances. If a program falls out of tolerance (failure to meet 90 percent of cost, schedule, and performance goals), FASA gives the agency head the authority to review, and if necessary terminate, the program.

## 4.2.2 Achievement of Organizational Goals

In order to assess achievement of organizational goals, we evaluated the progress that CFPB has made towards measurable goals that are documented in its planning artifacts. The bullets below describe the five goals that were documented in CFPB's Information Technology Roadmap:

- **Hire/Retain World Class Talent**
  - Be great at sourcing world-class candidates
  - Seek people who share our values and align with our mission
  - Establish an interview process that is rigorous and fair
  - Demonstrate commitment to the professional development of our team
  - Create an environment that fosters work/life balance & career growth
- **Lay the Technology Foundation**
  - Place top priority on safety and securing the public trust
  - Deliver geographically agnostic, reliable access to our network

- Use technology to simplify and improve processes for our customers, don't impose burdens on them
- Seek enterprise-wide solutions to common problems
- Value openness and transparency in all we do
  
- **Drive the Data Architecture**
  - Develop systems and policies to clean, merge, and store data
  - Help acquire key data and facilitate expansive analyses
  - Structure environments to support wide array of analysis tools
  - Centralize collection through an enterprise wide data warehouse
  - Provide exceptional tools for reporting and analysis
  
- **Provide Customer Focused IT Services**
  - Constantly monitor CFPB needs and external technology trends
  - Focus on understanding problems first, technology second
  - Provide responsible governance over the IT platform portfolio
  - Make it faster, easier, and better to work with IT
  - Be ambassadors internally and externally for great IT
  
- **Create Engaging Digital Experiences**
  - Deliver an engaging website experience with useful tools
  - Build data and content APIs for external use
  - Develop and integrate applications for internal use
  - Focus on a highly useful mobile experience
  - Provide open source code for other government agencies to use

### **4.2.3 Alignment with Performance Standards and Best Practices**

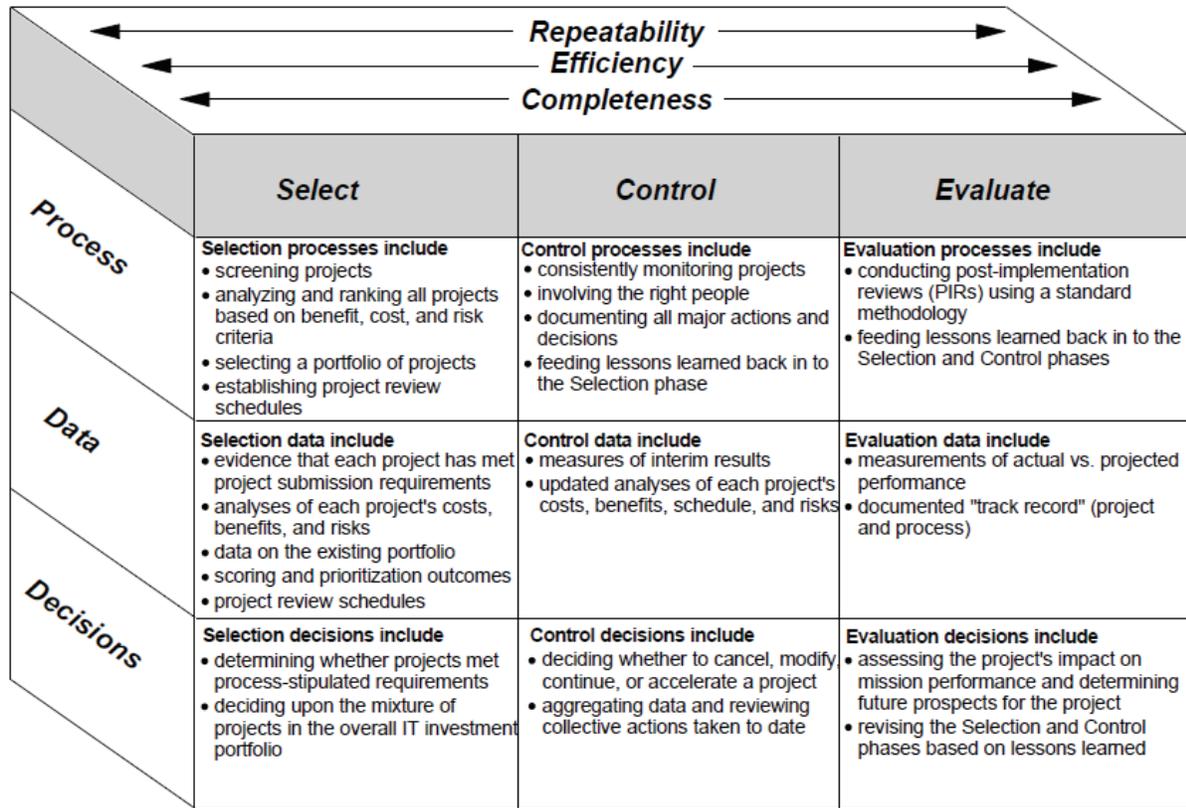
In order to evaluate alignment with performance standards and best practices, we used the standards and criteria defined by three federal IT performance frameworks: (1) GAO's Guide for Evaluating IT Investment Decision-Making; (2) GAO's Information Technology Investment Management (ITIM) Framework; and (3) the Federal IT Dashboard. Each of these performance frameworks is made up of several dimensions of performance, as well as criteria and/or examples that constitute effective performance. Below, we describe the dimensions and criteria that make up each of the three performance frameworks.

#### **4.2.3.1 GAO's Guide for Evaluating IT Investment Decision-making**

In order to evaluate the IT investment management process, we use standards and criteria defined by GAO in its Guide for Evaluating IT Investment Decision-Making.<sup>3</sup> GAO's framework is built around three phases of IT investment management (Selection, Control and Evaluation) – as well as three levels of review (Process, Data and Decisions). As illustrated in the diagram below, the intersection of these three phases and review levels creates a matrix of nine performance areas.

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<sup>3</sup> GAO, Assessing Risk and Returns: A Guide for Evaluating Federal Agencies' IT Investment Decision-making, GAO-AIMD-10.1.13 (Washington, D.C.: February 1997).



Within each performance area, GAO has defined specific criteria or “key elements”, which we use to evaluate performance for the CFPB’s IT investment process. For example, specific criteria related to the Selection dimension include the following:

- Does the organization have a defined process for submitting and screening new funding proposals for management consideration? Is this process established in policy guidance?
- Does the selection process define (1) what information is to be submitted, (2) who must approve (screen) the information prior to formal submission, (3) how a determination will be made about where in the organization the project will be reviewed, and (4) the stages of management review?
- Are roles, responsibilities, and authority for people and offices involved in the screening process clearly defined?

**4.2.3.2 GAO’s Information Technology Investment Management (ITIM) Framework**

In order to evaluate the CFPB’s investment management maturity, we use standards and criteria that are defined in GAO’s ITIM Framework.<sup>4</sup> This framework is built around five progressive stages of maturity for IT investment management (Stages 1 through 5). As illustrated in the diagram below, each stage of maturity is indicated by the presence of certain “critical processes”. For example, critical processes for advancement past Stage 1 maturity include the creation of an investment review

<sup>4</sup> GAO, Information Technology Investment Management: A Framework for Assessing and Improving Process Maturity, GAO-04-394G (Washington, D.C.: March 2004).

board and development of an investment selection process. We use the presence of these critical processes as criteria to evaluate the maturity CFPB's IT investment management process.

Maturity stages	Critical processes
Stage 5: Leveraging IT for strategic outcomes	- Optimizing the investment process - Using IT to drive strategic business change
Stage 4: Improving the investment process	- Improving the portfolio's performance - Managing the succession of information systems
Stage 3: Developing a complete investment portfolio	- Defining the portfolio criteria - Creating the portfolio - Evaluating the portfolio - Conducting postimplementation reviews
Stage 2: Building the investment foundation	- Instituting the investment board - Meeting business needs - Selecting an investment - Providing investment oversight - Capturing investment information
Stage 1: Creating investment awareness	- IT spending without disciplined investment processes

Source: GAO.

#### 4.2.3.3 Federal IT Dashboard (FITD)

The FITD is a standardized method for all federal agencies to report on the health of their major IT projects. Following the FITD methodology, each IT project receives an overall investment rating, which is a composite of three component scores (cost, schedule, and Evaluation by Agency CIO).<sup>5</sup> The "Evaluation by Agency CIO" dimension is determined by each agency CIO, using a pre-defined set of evaluation factors and criteria, as illustrated in the table below. The bullets below describe the criteria that we used to evaluate IT project performance:

- **Risk Management**
  - Does a risk management strategy exist?
  - Are risks well understood by senior leadership?
  - Is the risk log current and complete?
  - Are risks clearly prioritized?
  - Are mitigation plans in place to address risks?
- **Requirements Management**
  - Are investment objectives clear?
  - Is scope controlled?
  - Are requirements complete, clear and validated?
  - Are appropriate stakeholders involved in requirements definition?
- **Contractor Oversight**
  - Is the acquisition strategy defined and managed via an Integrated Program Team?

<sup>5</sup> Federal IT Dashboard, FAQ - For Agencies, <http://www.itdashboard.gov/faq-agencies> (September 2, 2011)

- Does the agency receive key reports, such as earned value reports, current status, and risk logs?
- Is the agency providing appropriate management of contractors such that the government is monitoring, controlling, and mitigating the impact of any adverse contract performance?
- **Historical Performance**
  - Are there significant deviations from planned cost and schedule?
  - Are lessons learned and best practices incorporated and adopted?
- **Human Capital**
  - Is there a qualified management and execution team for the IT investments?
  - Are contracts in place to support the investment?
  - Is there a low turnover rate among project resources?
- **Cost.** The cost criterion is assessed in terms of percent cost variance. Cost variance of less than 10% results in a “Green” stoplight rating; cost variance of 10% to <30% results in a “Yellow” rating; and cost variance of 30% or more results in a “Red” rating.
- **Schedule.** The Schedule criterion is assessed in terms of percent schedule variance. Schedule variance of less than 10% results in a “Green” stoplight rating; schedule variance of 10% to <30% results in a “Yellow” rating; and schedule variance of 30% or more results in a “Red” rating.

## 4.3 Findings and Recommendations

In this section, we present key findings and recommendations for each of the three sets of criteria included in the performance audit: (1) compliance with the legal requirements; (2) achievement of organizational goals; and (3) alignment with performance standards, best practices, and/or benchmarks. The supporting tables referenced throughout this section are presented at the end of the section.

### 4.3.1 Compliance with Legal Requirements

Table 12 presents our assessment of the CFPB’s compliance with legal requirements. Each row in this table corresponds to a specific legal requirement. For each requirement, we describe the progress that the bureau has demonstrated to date, along with recommendations for future action. The bullets below highlight our key findings and recommendations:

- **CFPB has developed an innovative web presence** that helps the bureau to both educate and listen to consumers, in accordance with eGovernment Act objectives. We recommend that CFPB continue to expand its delivery of services via the Internet as planned, specifically including the addition of “products” to the domain of the Consumer Information System (CIS).

- **CFPB has complied with key elements of the E-Government Act of 2002**, including the Federal Information Security Management Act (FISMA) and the Confidential Information Protection and Statistical Efficiency Act (CIPSEA). Specifically, CFPB obtained authority to operate (ATO) for: (1) connectivity to the Treasury infrastructure; and (2) protection of confidential and/or personal information in CIS. We recommend that CFPB continue their approach to retaining personal information and conducting FISMA audits. CFPB has already demonstrated behaviors consistent with this, for example, by submitting System of Record Notices (SORN) that address items such as the individuals covered by the system, categories of records in the system, purpose of the system, categories of users of the system, storage, retrievability, and safeguards.
- **CFPB has aligned its information technology assets with its strategic missions**, in accordance with the Clinger-Cohen Act of 1996. This alignment is managed by the IRB, and documented at a high level through the IRB dashboard. Specifically, the IRB dashboard identifies each of the Initial Systems (technology assets) being developed by CFPB, and links each asset to either: (1) a specific element of CFPB’s mission; or (2) a specific enterprise or business service. The IT department enters proposed IT investments into the dashboard as proposals are received from the business areas and the IRB reviews each investment on a weekly basis. The IRB review is the management mechanism for implementing the capital planning and investment control processes for IT systems.

### 4.3.2 Achievement of Organizational Goals

Table 13 presents our assessment of the CFPB’s achievement of organizational goals. Each row in this table corresponds to a specific organizational goal. For each goal, we describe the progress that the bureau has demonstrated to date, along with recommendations for future action. The bullets below highlight our key findings and recommendations

- **CFPB should continue to build human capital for the IT function.** CFPB has made appropriate progress towards this goal. It has named a Chief Technology Officer, Chief Information Officer and Chief Information Security Officer – and it has established a productive IT organization through an integrated team of government and contractor personnel. We recommend that the IT organization target an 8% to 10% ratio of IT staff to total CFPB staff.
- **CFPB should form an IT program management office (PMO) to facilitate a continuation of its customer focus and implementation of key systems.** The IT department has achieved its goal of laying the technical foundation for CFPB and providing customer focused services. Adopting a PMO approach would provide a means of standardizing artifacts across projects and facilitate development of a project database to support evaluations and a “lessons learned” process.
- **CFPB has used Information Technology (IT) to support customer service.** With the development of the Consumer Information System (CIS) and the CFPB website, the IT department has created an engaging digital experience. The use of Tell Your Story and Know Before You Owe on the website offer further evidence of progress in this area. We

recommend that the IT organization continue its emphasis on this goal and conduct a formal review of the usability of the website.

### 4.3.3 Alignment with Performance Standards and Best Practices

Table 14 (Investment Review Process) presents our assessment of the CFPB's performance with respect to IT Investment Management. Each row in this table corresponds to an evaluation factor specified in GAO ITIM framework. Table 15 presents our summary assessment of performance for three IT projects that are currently being managed by the CFPB (eDiscovery, Consumer Information System, and Cornerstone). For each row in these tables, we provide the following information: (1) a rating of CFPB's performance to date, using a stoplight scale (i.e., Red, Yellow or Green); (2) a summary of demonstrated performance; (3) the priority of future progress in this area; and (4) recommendations for future action. The bullets below highlight our key findings and recommendations.

- **CFPB should initiate a formal evaluation process for IT investments.** We found that the project selection and project control components of CFPB's IT investment management process met GAO standards, as defined in the Information Technology Investment Management (ITIM) Framework. We recommend that CFPB initiate a formal investment evaluation process, now that it has a growing set of historical data regarding the performance of IT projects. The evaluation process should be a function of the Investment Review Board (IRB) and supported by the PMO.
- **CFPB's IT investment management process is operating at "stage two" of the five-stage maturity model defined by the GAO's ITIM Framework.** In order to progress to stage three, CFPB should build upon existing IRB processes, with an emphasis on: (1) grouping similar investments together and developing an IT portfolio; (2) creating and maintaining portfolio selection criteria; (3) examining the merits of each IT investment in the context of the portfolio; and (4) using an Enterprise Architecture to help align IT investments with strategic objectives.
- **CFPB should develop and apply standard methods to manage risk and cost variance for IT investments.** Using the Federal IT Dashboard as a performance standard to evaluate three projects, we found evidence of good requirements management, contractor oversight, human capital, and schedule management. We recommend that the IT department apply a standard method to monitor and manage cost variance, even though many projects are performed on a fixed cost basis. Also, we recommend that CFPB adopt a standardized approach to documenting risks and mitigation strategies.

**Table 12: Compliance with Legal Requirements**

Legal Requirement	Demonstrated Performance	Finding / Recommendation
<p><b>E-Government Act (eGov) of 2002</b> – Promotes use of electronic government services</p> <p><b>Title III: Federal Information Security Management Act (FISMA) of 2002</b> – Requires each federal agency to develop, document, and implement an agency-wide program to provide information security</p> <p><b>Title V: Confidential Information Protection and Statistical Efficiency Act (CIPSEA)</b>. Prohibits disclosure or release, for non-statistical purposes, of information collected under a pledge of confidentiality. Under CIPSEA, data may not be released to unauthorized persons.</p>	<ul style="list-style-type: none"> <li>Multiple initiatives demonstrate the CFPB's focus on informing and listening to consumers in innovative ways (CFPB website, Know Before You Owe, publishing leadership calendars).</li> <li>Appointed a Chief Information Officer and Chief Information Security Officer.</li> <li>Completed initial phase of the Consumer Information System (CIS), including the ability to receive credit card complaints from consumers.</li> <li>Received Authorization To Operate (ATO) for infrastructure and connectivity to Treasury network and systems. FISMA processes are implemented.</li> <li>Systems such as CIS and eDiscovery – which may contain confidential or personally identifiable information (PII) – have safeguards to prevent the release of this information to unauthorized persons.</li> </ul>	<p>Continue with plans to improve the website and further develop CIS.</p> <p>Develop performance measures for e-government that are: (1) citizen-centric; (2) productivity related; and (3) linked to the CFPB's Strategic Plans.</p> <p>Conduct Privacy Impact Assessments for all applicable IT systems.</p> <p>Develop annual e-Government Report to Congress.</p> <p>Implement annual FISMA audits.</p> <p>Establish policies and procedures to support the detection, assessment, and mitigation of risks that could result from unauthorized or inappropriate use of organizational information.</p>
<p><b>The Clinger-Cohen Act of 1996</b> (formally the Information Technology Management Reform Act, Division E of Public Law 104-106) - Requires federal agencies to focus on the results they are achieving through IT investments.</p>	<ul style="list-style-type: none"> <li>Technology investments are tied to CFPB mission elements (e.g., CIS – consumer protections; eDiscovery, law enforcement) or to non-mission elements that directly impact the mission (e.g., human capital, financial management).</li> <li>Prototype implementations are used to reduce the risk of IT projects, as in the case of the CIS “bridge” project.</li> <li>Agile development methods are used to deliver benefits in manageable increments.</li> </ul>	<p>Stand up a formal Program Management Office for CFPB Information Technology. Implement a portfolio approach to IT investment management, including analysis of returns on each investment.</p>
<p><b>The Paperwork Reduction Act (PRA) of 1995</b> - Requires agencies to use information resources to improve the efficiency and effectiveness of their operations and fulfillment of their missions.</p>	<ul style="list-style-type: none"> <li>Multiple IT investments (e.g., CIS, e-Discovery, website) utilize information technology to: (1) improve the performance of bureau mission; (2) promote access to information; and/or (3) minimize the burden of information collection on the public.</li> <li>The IRB dashboard demonstrates that CFPB applies information resources to support their mission.</li> </ul>	<p>Continue to identify meaningful IT investments and use the established IRB process to select and track the IT investments</p>

Legal Requirement	Demonstrated Performance	Finding / Recommendation
<p><b>The Federal Acquisition Streamlining Act (FASA) of 1994</b> - Requires agencies to define cost, schedule, and performance goals for federal acquisition programs (including IT projects) and to monitor these programs to ensure that they remain within prescribed tolerances.</p>	<ul style="list-style-type: none"> <li>CFPB projects have defined budgets and schedules that are approved by the IRB. All projects report status information to the IRB, and progress is monitored through the IRB dashboard. However, status information does not include earned value reports or formal risk logs.</li> </ul>	<p>Continue the IRB process and add a PMO component to manage cost and scheduling information on a standardized basis. Consider employing Earned Value Management (EVM) or other project management metrics as needed as the organization grows.</p>

**Table 13: Achievement of Organizational Goals**

Organizational Goal	Demonstrated Performance	Finding / Recommendation
Hire/Retain World Class Talent	<ul style="list-style-type: none"> <li>Key positions (CIO, CTO, and CISO) are filled, additional positions are being filled in accordance with high level plans, and consulting support is in place to address peak-load work.</li> </ul>	<ul style="list-style-type: none"> <li>The IT organization should continue to add appropriate staff to maintain a ratio of between 8% to 10% as compared to the total staff of CFPB.</li> </ul>
Lay the Technology Foundation	<ul style="list-style-type: none"> <li>DC locations connected, regional location infrastructure and connections deployed, hardware for incoming employees procured &amp; deployed, extranet designed, migration to CFPB LAN/WAN planned, independent disaster recovery/back up plan (currently falls under Treasury's plan) under development.</li> </ul>	<ul style="list-style-type: none"> <li>The IT organization should continue to increase its network capacity. Develop and test a Continuity of Operations Plan (COOP) that is specific to CFPB, within the Treasury's larger plan.</li> </ul>
Drive the Data Architecture	<ul style="list-style-type: none"> <li>Enterprise-wide data strategy has been developed and includes data architecture, tool/software architecture, and data security</li> <li>Processes and procedures are defined</li> <li>Short term, mid-term, and long-term plans are documented</li> </ul>	<ul style="list-style-type: none"> <li>The IT organization should formalize an organizational taxonomy and enterprise data dictionary.</li> </ul>
Provide Customer Focused IT Services	<ul style="list-style-type: none"> <li>eDiscovery solution has been acquired and initial data has been captured.</li> <li>Initial functionality of the CIS system (credit card complaints) is online and additional product types (mortgages, student loans, etc.) are scheduled for support</li> <li>Continued support is provided to the IRB</li> <li>Inherited systems are being supported</li> <li>Asset Tracking and Compliance Toolkit/Risk Analytics system plans have been approved by the IRB</li> </ul>	<ul style="list-style-type: none"> <li>The IT organization should formalize project artifacts per what is typically found in a PMO.</li> </ul>
Create Engaging Digital Experiences	<ul style="list-style-type: none"> <li>Feedback mechanisms developed for CFPB website (e.g., Credit Card Complaints, Tell Your Story, Open for Comment).</li> <li>Heat map displays of feedback from Know Before You Owe project.</li> <li>Website use statistics</li> </ul>	<ul style="list-style-type: none"> <li>The IT organization should perform formal user testing of the public facing websites once the sites are more mature. This should include heat maps, usability tests, click counts, etc.</li> </ul>

**Table 14: Alignment with Performance Standards (Investment Review Process)**

Factor	Score	Summary of Performance	Priority	Finding / Recommendation
Selection		<ul style="list-style-type: none"> <li>All IT investments greater than \$100K are evaluated by the IRB and documented on the IRB Dashboard</li> <li>The IRB has a selection process in place that includes cost analysis, alternatives analysis, scheduling, and government cost estimates. Decisions are documented with explanations. Exceptions to the process are for emergencies and a sign-off sheet is required</li> <li>The IRB has established information/reporting requirements for candidate investments and for in-flight projects.</li> <li>IRB dashboard is updated weekly. Projects are monitored based on information from the dashboard.</li> </ul>	Medium	<ul style="list-style-type: none"> <li>The IRB was established very early in the CFPB organizing process. It has met weekly in order to address critical and fast moving needs. As the organization matures the IRB should: (1) adopt a portfolio approach to IT investment management; (2) develop formal metrics and standards for project scoring and selection; and (3) retain consistent performance data. The portfolio approach will be needed to support budget formulation going forward.</li> </ul>
Control		<ul style="list-style-type: none"> <li>Performance metrics are maintained, but EVM calculations are not performed. The IRB does not mandate the use of specific metrics or thresholds, and it does not apply different metrics for projects of different size.</li> <li>Excel spreadsheets are used to maintain investment information</li> <li>After Action Reviews are conducted and documented</li> <li>Disposition process is being planned – not yet required due to early stage of organization</li> <li>CFPB tracks expenditures associated with IT investments that are handled through Memoranda of Understanding (MOU) with external organizations (e.g., Treasury).</li> </ul>	High	<ul style="list-style-type: none"> <li>The IT organization maintains project control through spreadsheets and various reporting venues (slides for IRB). As the organization matures, a “PMO-lite” approach is recommended to standardize project artifacts, provide a central portal to retain project artifacts, formalize cost and schedule variance reporting, and establish standardized metrics typical of a mature project management approach. The IRB process should have detailed documentation and supporting policy that dovetails with the PMO.</li> </ul>
Evaluation		<ul style="list-style-type: none"> <li>The IRB conducted its first formal review of an in-flight project in September 2011. The status report developed for this initial project review will be used as a template for future project reviews.</li> <li>The IRB process is evaluated and revised as the organization matures</li> <li>There is very limited post-implementation review information because projects are in the early phases of the systems development lifecycle</li> </ul>	Medium	<ul style="list-style-type: none"> <li>In addition to the ad hoc After Action Reviews (AAR) that the IT organization currently performs, standardized and regularly scheduled reviews are recommended. This will be facilitated by establishing the PMO function and project management portal that will capture data needed for the reviews. This is highly recommended as major projects complete the implementation phase (first releases). Post Implementation Review (PIR) should become an IRB agenda item.</li> </ul>

**Table 15: Alignment with Performance Standards (IT Project Performance)**

Factor	Score	Summary of Performance	Priority	Finding / Recommendation
Risk Management	<b>Y</b>	<ul style="list-style-type: none"> <li>All projects report risks and mitigation strategies to the IRB on a weekly basis. However, none of the three sampled projects maintains a formal risk register..</li> <li>On the CIS project, risk was managed through the development of a simplified "bridge" system, in parallel with development of the target state system. The bridge system served as a fallback option, as well as a prototype for the target state system.</li> <li>On the Cornerstone project, certain risks are mitigated by leveraging a proven, Treasury-wide solution.</li> </ul>	Medium	<ul style="list-style-type: none"> <li>Development of a standardized approach for communicating and tracking potential risk and mitigation strategies would be beneficial. This should focus on a "risk register" approach and ultimately feed a project database.</li> </ul>
Requirements Management	<b>G</b>	<ul style="list-style-type: none"> <li>On all projects, alternative technology solutions were evaluated. On CIS project, Forrester Research was engaged to obtain information on best practices.</li> <li>All projects engaged in requirements elicitation, documentation, and management activities – at varying levels of rigor.</li> <li>On the eDiscovery project, the Electronic Discovery Reference Model (an industry standard) was used as a baseline for requirements analysis. Agile methods were used in support of requirements management.</li> <li>On the Cornerstone project, a master list of system requirements was developed by Treasury and crosswalked against capabilities of the Cornerstone solution.</li> <li>On the CIS project, development of the "bridge" system aided in the elicitation and validation of requirements. Scope of CIS requirements for initial project phase was driven in part by schedule constraints.</li> </ul>	Low	<ul style="list-style-type: none"> <li>As the organization grows a tool or methodology should be used to standardize the approach to requirements management.</li> <li>Requirements should be baselined at major project milestones. Baselined requirements should be used for testing and to monitor scope variance.</li> <li>As the organization matures, project requirements should be traced upward to organizational capabilities, in order to demonstrate alignment with CFPB strategy.</li> </ul>

Factor	Score	Summary of Performance	Priority	Finding / Recommendation
Contractor Oversight		<ul style="list-style-type: none"> <li>For all projects: (1) an acquisition strategy was developed, documented, and approved by the IRB; and (2) a formal schedule was developed, and progress against the schedule is reported.</li> <li>All projects report status information to the IRB; progress is monitored through the IRB dashboard. Status information does not include earned value reports or formal risk logs.</li> <li>For all projects, contractor oversight appears to be appropriate and effective. On the CIS project, adoption of agile methodology by both government and contractor teams contributed to effective communication and coordination.</li> </ul>	Low	<ul style="list-style-type: none"> <li>The contractor oversight function is primarily performed at the project level, with summary reporting to the IRB. As the organization grows, a uniform evaluation mechanism will be appropriate.</li> </ul>
Historical Performance		<ul style="list-style-type: none"> <li>None of the projects exhibit significant deviations from planned schedule or budget.</li> <li>After Action Reviews are conducted and reported.</li> <li>Since CFPB is in its early stage of formation, there is limited information regarding historical performance of projects. As of 9/21/2011, the IRB had only conducted one formal review of project performance (e-FOIA project).</li> </ul>	Medium	<ul style="list-style-type: none"> <li>Since the organization was recently formed, historical performance has not been available or necessary. Lessons learned have been documented in After Action Reports. Going forward, additional structure will be required in order to establish performance metrics, develop analytical methods, and internalize lessons learned across the organization.</li> </ul>
Human Capital		<ul style="list-style-type: none"> <li>For all sampled projects, personnel are in place to execute the plan (executives, management, project team, contractors).</li> <li>None of the sampled projects cited concerns related to qualifications and/or turnover rate among project team.</li> </ul>	Low	<ul style="list-style-type: none"> <li>CFPB IT has been growing rapidly to address the needs of the new organization. Skills and experience of the current staff are appropriate for the age of the organization. Key positions have been filled. Additional staffing is recommended to address CFPB growth and Portfolio and PMO needs.</li> </ul>
Cost Variance		<ul style="list-style-type: none"> <li>For all sampled projects, cost variance is reported to be minimal.</li> <li>None of the projects is using a standardized method to determine cost variance (e.g., EVM).</li> </ul>	High	<ul style="list-style-type: none"> <li>Cost variance is understood and managed by the organization. Going forward, this component should be monitored and managed by a PMO organization in order to apply a uniform framework and collect historical performance data. EVM or other project management metrics may be needed as the organization grows.</li> </ul>
Schedule Variance		<ul style="list-style-type: none"> <li>For all sample projects, schedule variance is minimal. Projects have met all relevant milestones, as reported to the IRB.</li> </ul>	Low	<ul style="list-style-type: none"> <li>Schedule variance is understood and managed by the organization. Going forward, this component should be monitored and managed by a PMO in order to apply a uniform framework and collect historical schedule variance data.</li> </ul>



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## Section 5: Communications and Transparency

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### 5.1 Scope of Audit

In order to evaluate CFPB's performance in the area of Communications and Transparency, we examined the extent to which the bureau has: (1) complied with relevant laws and regulations; (2) achieved organizational goals and objectives; and (3) aligned with industry best practices. Successful communications plans consider the following critical components as a baseline for building a strategy.

- **Determine Goals, Objectives and Strategies** – Determine the end state CFPB would like to reach with respect to communications and transparency initiatives and the strategies to achieve that goal.
- **Identify Audiences** – Identify the specific audiences CFPB wants to engage.
- **Establish Policies and Processes** – Make certain that there are internal policies and processes to ensure that CFPB's communications strategy can be properly executed.
- **Develop Key Messages** – Develop messages for key audiences, noting that while messages can be different, message consistency across the organization is important.
- **Identify Vehicles and Materials for Delivery** – Identify the vehicles and materials for message delivery that are appropriate for the targeted audiences and materials used.
- **Define Metrics** – Define what success means and identify the metrics CFPB will use to determine how successful it has been in executing its communications strategy.

We recognize that CFPB is a new bureau and as such may not have implemented all aspects of its plan or determined all appropriate criteria. However, we were able to examine the plans it has developed and executed against thus far, along with those it has developed and will execute in the future, assess its performance to date and offer recommendations for consideration in the future. Our audit focuses on major accomplishments and plans, including internal planning documents, memos and processes, media rollout plans, master outreach plans, reports, and media coverage.

### 5.2 Evaluation Criteria

The purpose of this section is to describe the evaluation criteria for this review area (associated findings and recommendations are presented in Section 5.3). As with other areas of performance, our audit focuses on three sets of criteria: (1) compliance with legal requirements; (2) achievement of organizational goals; and (3) alignment with performance standards, best practices, and/or benchmarks.

#### 5.2.1 Compliance with the Law

The bullets below describe specific provisions of the Dodd-Frank Act and other applicable laws and regulations that establish compliance requirements or standards in the area of Communications and Transparency.

- **Section 1013(a)(5) of the Dodd-Frank Act** requires that CFPB have an Ombudsman whose responsibilities include focusing on problem resolution between the bureau and regulated entities or other parties.
- **Section 1014 of the Dodd-Frank Act** requires that CFPB create a Consumer Advisory Board (CAB) that advises and consults with the bureau in the exercise of its functions and provides information on emerging practices in the consumer financial products or services industry, including regional trends and concerns.
- **Title 10, Section 1013(e) of the Dodd-Frank Act** requires that CFPB create the Office of Servicemember Affairs. A key objective for the Office as delineated in the statute is to “educate and empower servicemembers and their families to make better informed decisions regarding consumer financial products and services”.
- **Title 10, Section 1013(g) of the Dodd-Frank Act** requires that CFPB create the Office of Financial Protection for Older Americans, defined as individuals 62 years or older. The goal for this office is to establish programs that provide financial literacy and counseling and to work with other community and non-profit organizations that assist seniors.
- **Title 10, Section 1035 of the Dodd-Frank Act** requires that CFPB designate a Private Education Loan Ombudsman. Included in the duties prescribed for the Ombudsman is a charge to “ensure coordination in providing assistance to and serving borrowers seeking to resolve complaints related to their private education or Federal student loans”.
- **Title 10, Section 1013(d) of the Dodd-Frank Act** requires that CFPB establish the Office of Financial Education (OFE), which is responsible for educating consumers to help them make better financial decisions. This office is charged to reach out directly to consumers and to coordinate with other offices within CFPB to carry out its mandates.
- **Freedom of Information Act (FOIA) (Public Law 89-554)** – FOIA provides all citizens with the right of access to federal agency records or information. When a written request for information is received by a federal agency, the agency is required to disclose those records, unless they can be lawfully withheld under nine specific exemptions outlined in the statute. The burden is on the government, not the public, to provide explanation for why information cannot be released.
- **E-Government Act of 2002 (Public Law 107-347)** – The E-Government Act of 2002's purpose is to improve electronic government services by establishing a Federal Chief Technology Officer, located in the Office of Management and Budget, and creating a framework that requires Internet-based information technology to improve the transparency of and access to government information and services for citizens. The statute includes the Federal Information Security Management Act of 2002 (FISMA) and the Confidential Information Protection and Statistical Efficiency Act (CIPSEA).
- **Federal Funding and Accountability Transparency Act (FFATA) (Public Law 109-282)** – FFATA requires that all entities or organizations receiving federal funds as of FY 2007

are disclosed to the public, with the intent to empower all citizens with the ability to hold the government accountable for spending decisions. All information on federal awards are available to the public via [www.usaspending.gov](http://www.usaspending.gov), providing transparent information to the public on government spending decisions.

## 5.2.2 Achievement of Organizational Goals

In order to assess achievement of organizational goals, we evaluated the progress that the bureau has made towards measurable goals that are identified in CFPB planning documents. The bullets below describe the specific organizational goals that are included in our analysis. These goals were derived from the CFPB 2011 Public Outreach Plan, planning documents for the Office of Community Affairs, discussions with CFPB stakeholders, and the Office of Consumer Education and Engagement's (CEE) 6-Month planning document.

- The CFPB 2011 Public Outreach Plan established the following objectives: (1) maintain public support; (2) highlight the positive impact the bureau can and will have in the lives of American consumers; and (3) demonstrate the tangible benefits of the bureau to ordinary Americans. To achieve these broad objectives, the bureau has pursued the following organizational goals:
  - Build familiarity with the CFPB brand
  - Engage the public
  - Explain policy deliverables in plain English
  - Illustrate the consumer impact
  - Maximize bureau resources
- The Office of Community Affairs' first year goals established the following objectives: (1) be a bridge to the community, civil rights and consumer groups by showing the face of CFPB to the public and bringing timely, relevant, reliable information from the field into the bureau to help inform its work; and (2) be a thought leader on financial inclusion by serving the CFPB and the public with up-to-date information and new ideas about developments in expanding financial opportunity. To achieve these broad objectives, the Office of Community Affairs has pursued the following organizational goals:
  - Touch most significant national and regional consumer, civil rights, and grassroots advocacy organizations in the financial services space (~200).
  - Develop "early warning" information from the field and make available to all CFPB reports and studies from consumer, civil rights, and community groups about impacts of specific financial service products and practices on neighborhoods and communities.
  - Create a searchable content resource of those reports and studies, and provide periodic updates for all CFPB staff of the input received from these groups.
  - Be a resource to consumer, civil rights and nonprofit organizations, and help all parts of the CFPB to access knowledge and information from those groups.
- Within the CEE, the Office of Consumer Engagement established the following overall objectives: (1) engage the public with new and timely content in multiple formats; (2) build a team with the tools to succeed; (3) deploy an editorial content management system for [ConsumerFinance.gov](http://ConsumerFinance.gov) and content we offer elsewhere via electronic channels; and (4) design

a blueprint for the CFPB “consumer experience” and develop and deploy interactive product and service offerings. Given the early stage of the Office of Consumer Engagement, we evaluated the following deliverables defined by the Office within the CEE’s 6-Month Plan:

- CFPB’s shared vision of the role of engagement and the desired impact on the public of our engagement work
  - Organizational structure, position descriptions, career ladders, recruitment plan, and policies to support the work (example, “blog on other sites” policy)
  - Blueprint for the CFPB “consumer experience,” concepts for CFPB product and service offerings such as interactive tools, plus plan with timeline to bring one or more of those more significant tools to fruition
  - IT solution for editorial workflow and content management system for ConsumerFinance.gov
  - Improved business process for generating and clearing content for use on our website and other electronic channels
  - 8-10 blog posts each month generated by the Engagement Office, plus support for financial education content in post and tip form generated by the OFE (in addition to posts from around the bureau)
  - Consistent promotion of our money education content such as tip of the day to other sites/channels
  - Web portals for the empowerment offices plus OFE (My Fi) and Fair Lending
  - One to two initial offerings to engage the public on money issues or money decision-making in close cooperation with OFE
  - Design and implementation of calendar for use of direct email tool
  - Web streaming capacity (for Office of Servicemember Affairs convening, enforcement hearings)
- Also within CEE, the Office of Servicemember Affairs (OSA) outlined the following overall objectives: (1) educate and empower servicemembers and their families to make better-informed financial decisions; (2) work with Consumer Response to monitor complaints from military and responses to those complaints by CFPB and other federal and state agencies; (3) coordinate efforts among federal and state agencies regarding consumer protection measures relating to consumer financial products and services used by military families; and (4) serve as a subject-matter expert on military consumer financial matters, both within and outside the CFPB. Given the early stage and youth of the Offices of Servicemember Affairs, we evaluated the following deliverables defined by OSA within the CEE’s 6-Month Plan:
    - Develop military content for website/social media
    - Host convening in October concerning best practices in offering financial products to military
    - Evaluate financial education at military basic training
    - Develop revised curriculum for new recruits in coordination with Dept. of Defense
    - Provide military expertise for Consumer Response: scripts, FAQs, referrals, tailored assistance
    - Raise awareness of CFPB/OSA through media, speeches and outreach to business and government

- It is important to note that CFPB stakeholders consistently expressed that their primary objective is to support the overall mission of the organization, as prescribed by the statute, as well as the stated mission and vision of the bureau. Discussions with CFPB stakeholders revealed the following additional anecdotal goals, including:
  - Adhere to all appropriate federal mandates
  - Maintain the spirit of transparency that was “baked into the organization” at its inception
  - Educate the public on what CFPB is and what it is doing to help ordinary Americans
  - Meet with community bankers from all 50 states

### 5.2.3 Alignment with Performance Standards and Best Practices

In order to assess achievement of performance standards and best practices, we evaluated the progress CFPB has made against the framework outlined below.

- **Goals, Objectives and Strategies.** A successful communications plan should include well-defined goals and objectives, and the necessary strategies to achieve those goals.
- **Audiences.** Audiences that are important to the CFPB should be identified and an initial assessment should be made regarding their current perception or awareness level of CFPB.
- **Policies and Processes.** Internal policies and processes must be in place in order to provide accountability for distributing external communications and creating transparency for the public.
- **Key Messages.** Appropriate messages for different key audiences must be developed.
- **Vehicles and Materials.** The appropriate materials and vehicles for delivery should be developed and determined for each key audience; there should also be an assessment of integration of those materials into the overall communications and transparency strategy.
- **Metrics of Success.** In order to determine success, metrics for success (and success itself) should be clearly defined.

## 5.3 Findings and Recommendations

In this section, we present key findings and recommendations for each of the three sets of criteria included in the performance audit: (1) compliance with the legal requirements; (2) achievement of organizational goals; and (3) alignment with performance standards, best practices, and/or benchmarks. The supporting tables referenced throughout this section are presented at the end of the section.

### 5.3.1 Compliance with Legal Requirements

Table 16 presents our assessment of the CFPB's compliance with legal requirements. Each row in this table corresponds to a specific legal requirement. For each requirement, we describe the progress that the bureau has demonstrated to date, along with recommendations for future action. The bullets below highlight our key findings and recommendations

- **CFPB has complied with most requirements where we would expect to see progress in a bureau of this age.** In particular, the CFPB has demonstrated exemplary progress in developing and implementing a process for complying with FOIA and has, in our judgment, appropriately complied with applicable laws governing this and other federal government agencies.
- **CFPB should continue to move toward filling positions and offices mandated by the Dodd-Frank Act.** The Dodd-Frank Act mandated the creation of six offices that perform communications functions. The bureau is statutorily unable to create a Consumer Advisory Board (CAB) until a Director has been approved by Congress. However, a detailee is on staff currently serving in the Ombudsman role, which does not require a Director in place. In addition to filling the Ombudsman position with a permanent employee as soon as possible, we recommend that CFPB continue to move forward with developing plans for CAB and be prepared to staff positions as soon as a Director is approved.

### 5.3.2 Achievement of Organizational Goals

Tables 17 through 21 present our assessment of the CFPB's achievement of organizational goals. Each row in this table corresponds to a specific organizational goal. For each goal, we describe the progress that the bureau has demonstrated to date, along with recommendations for future action.

The bullets below highlight our key findings and recommendations with regard to overall organizational goals and those specifically outlined by the CFPB 2011 Public Outreach Plan, the Office of Community Affairs, anecdotal discussions with the bureau's stakeholders, and those outlined by CEE. Overall, CFPB Communications and Transparency stakeholders have demonstrated the appropriate levels of performance one would expect to see in a young organization.

- **CFPB has made a great deal of progress in achieving a number of its overall goals.** In particular, the bureau as a whole has placed the utmost importance on engaging consumers, the general public, and consumer and civil rights advocacy groups; its efforts are evident (and successful) and should continue to drive the bureau going forward. Efforts could include, for example, continuing to think about and develop long-term ways to help consumers express the financial difficulties they face on an everyday basis. Finally, the CFPB should consider ways to publicly demonstrate its leadership in this area.
- **CFPB should further coordinate its mission, vision and values statements across mediums.** Currently, the CFPB has defined its mission, vision and values, but they differ slightly across platforms. While slight variances are to be expected given the differing audiences each CFPB office is trying to reach (e.g., lawmakers, consumers and the general public), in places where the CFPB's statutory purpose, mission, vision, and values are printed,

it should consider reducing inconsistencies. Doing so will build brand strength over time and allow multiple audiences to fully understand how the CFPB views itself.

- **CFPB should use its overall strategy to develop coordinated strategies across divisions.** The CFPB is in the process of developing a bureau-wide strategy document for the CFPB moving forward. We understand that individual divisions, (i.e., External Affairs, Consumer Engagement and Education, etc.), will use this plan to inform the plans of individual offices within the CFPB. This idea will help to formalize the continuity across divisions that already exists informally and will synchronize goals, plans and defined success.

### 5.3.3 Alignment with Performance Standards and Best Practices

Tables 22 through 27 present our assessment of the CFPB's performance with respect to each of the six performance factors outlined in Section 5.2.3 (i.e., Goals and Objectives, Audiences, Policies and Processes, Strategies and Messages, Vehicles and Materials, and Metrics of Success). Each row in the tables corresponds to a goal, audience, policy, strategy, vehicle, or metric. For each, we provide the following information: (1) a rating of CFPB's performance to date, using a stoplight scale (i.e., Red, Yellow or Green); (2) a summary of demonstrated performance; (3) the priority of future progress in this area, based on the importance of the performance area for a start-up organization; and (4) recommendations for future action. The bullets below highlight our key findings and recommendations.

#### Key Findings

- **CFPB has made engaging the public its top priority.** The CFPB as a whole has made substantial progress in communicating with and engaging the public, whether it is through digital mediums (e.g., the CFPB website and blog), events (e.g., townhall meetings, CFPB speeches), or one-on-one conversations. It is also clear that the CFPB has placed a high-level of importance on interacting with multiple audiences on a regular basis, including consumer groups, the private sector, policymakers, and the media. Internal documents reveal that the CFPB has gone to great lengths to meet with members of the private sector, particularly those that will be most affected by CFPB's new authority, to keep them up to date on the direction the bureau is headed, and ask them for feedback.
- **CFPB has adopted and maintained a strong interest in being transparent and accountable to the public.** This is something that, as many told us, has been baked into the organization since its inception. The transparency of the bureau was something former Special Advisor Elizabeth Warren strongly believed in, and is something that has translated to all aspects of the CFPB. The bureau is being transparent in numerous ways, including by posting the calendars of top officials on the website.
- **There is a strong "teamwork" mentality throughout the CFPB.** In all of our discussions with stakeholders, no individual in any division viewed his or her role as separate from the actions of other divisions. Part of what has made CFPB so successful to date, in our view, is the flow of information between offices and teams. For example, the Offices of Consumer Engagement and Education and External Affairs are constantly working together to determine

how best to reach key audiences and how to share information across teams. Additionally, the Office of Servicemember Affairs is highly coordinated with other offices within CEE and External Affairs.

### **Nearest-Term Opportunities for Improvement (High Priority)**

- **CFPB should continue work on developing additional language capabilities.** The CFPB has made efforts to engage populations that have been most severely impacted by the financial crisis. Currently the CFPB offers its 800 number in 189 languages, and is in the process of co-developing a Spanish version of the new single mortgage disclosure document from the Know Before You Owe initiative and a fully functional Spanish version of the website. Co-developing materials takes longer but it creates a much better product for consumers. CFPB should continue to move forward in developing additional language capabilities to allow all of its key constituencies to participate in the dialogue it is fostering.
- **CFPB should determine definitions of success.** Defining success is always difficult, particularly in communications. Often times there is no *one* number or metric that can be used to define success. While we understand the difficulty, offices within CFPB concerned with external communications should work together to develop documented definitions. Throughout our discussions with stakeholders, there were many times when the definition of success was simply understood. While this practice is useful internally, the CFPB would benefit greatly from putting agreed-upon definitions on paper. Doing so reinforces accountability and gives outsiders, including new staff, the ability to immediately understand what success looks like.

### **Mid-Term Opportunities for Improvement (Medium Priority)**

- **CFPB should maintain policymaker interaction.** Discussions with CFPB stakeholders revealed a proactive view toward interacting with policymakers, including members of Congress, and state and local officials. Members of the CFPB team have testified before Congress on eleven occasions, have made numerous trips to the Hill to brief both Congressional staff and members of Congress, and regularly provide updates on news coming out of the bureau. CFPB should continue to engage policymakers and work toward establishing a two-way dialogue through which both the bureau and policymakers can gain important insight from one another.
- **CFPB should continue to engage key audiences.** One of the challenges for the CFPB as it continues to grow, mature and assume more responsibility is to continue the high level of engagement it has fostered thus far. The bureau has set a very high standard for itself and may encounter difficulties living up to that standard. An increase in staff will assist in meeting the growing responsibilities of the bureau.

### **Longer-Term Opportunities for Improvement (Low Priority)**

- **CFPB should develop searchable content capability.** One of Community Affairs' goals is to have searchable resource content available for all reports, studies and communications with

target groups. Community Affairs is currently working with the IT department to develop the digital infrastructure needed for such a resource. CFPB should continue to develop this capability.

- **CFPB should continue to develop internal processes.** CFPB has implemented several internal processes, including a Clearance Memo that requires all external communications go through the Executive Secretary to ensure message continuity, a Media Memo that educates all CFPB staff on policies and procedures about dealing with the media, and multiple FOIA procedures that insure requests are responded to on time and that the appropriate people within CFPB are made aware of important requests. As discussed above, one of the challenges for CFPB moving forward will be maintaining the high level of performance the bureau has demonstrated to date. It will be important moving forward that all CFPB staff is properly educated on all internal processes and that the high level of performance continues. For example, as the CFPB continues to grow and assume more responsibility, there will undoubtedly be an increase in FOIA requests. Having a tight internal process in place (as CFPB does) will be imperative for high quality of performance to continue.

### Feedback from External Stakeholders

Melanie Pustay, Director of the Office of Information Policy (OIP), U.S. Department of Justice

The CFPB's policy towards FOIA was "impressive", including its initiative when requesting a meeting with OIP to discuss the set up of its FOIA office. The request was "notable," particularly because of how quick the inquiry was. Also impressive was the amount of thought CFPB representatives demonstrated throughout our discussion about FOIA. When the meeting ended, it was clear CFPB had thought of everything and that there were "no gaps."

Particularly impressive was CFPB's enthusiasm for structuring an internal FOIA system that has the ability to take advantage of e-Discovery. A new technology, e-Discovery will bring instrumental change to the FOIA world as it will further facilitate document searches, and will de-duplicate documents electronically. Utilizing e-Discovery is a completely new idea, and the fact that CFPB was already thinking about its advantages and utilization demonstrated that the CFPB was "thinking outside the box."

It is very possible that CFPB's attitudes towards and processes around FOIA could become the industry standard. As a new bureau opening its doors in the computer-age, CFPB has the unique opportunity to launch a system without the burden of trying to overhaul an entrenched, paper-based system. As CFPB continues to implement its eFOIA program, it will be one of the few agencies truly taking advantage of new technologies in this area.

*Melanie Pustay is the Director of the Office of Information Policy (OIP) at the U.S. Department of Justice (DOJ). OIP is the lead FOIA office for all of the federal government serving 97 different agencies; it disseminates the legal requirements around FOIA to those agencies and provides counsel on how to follow the Attorney General's FOIA guidelines.*

Travis Plunkett, Legislative Director, Consumer Federation of America

“It seems to have been a priority” for CFPB to engage with the financial industry, consumer and industry groups, and the public. CFPB has made an effort to be a transparent bureau, and in that sense, they “look to be functioning differently than most federal regulators.” Of particular note are the CFPB website and initial rulemaking efforts, which seem to be functioning in a more transparent manner.

CFPB has tried to draw in audiences that are not typically involved in the rulemaking process, and has encouraged early input from these groups. CFPB began the process far ahead of its deadline and made a concerted effort to engage industry and consumer groups to get their thoughts. In the case of mortgage disclosure forms (i.e., Know Before You Owe), “I like the way they are reaching out to the public to see how [the revised documents] actually work.” The whole process of working with the public and interested parties is more open “and at least initially, more promising” in terms of engaging the public. The CFPB’s website, is like “no other federal government website I’ve seen,” as are the reports on credit scores and remittances the CFPB issued. Both reports are “well done,” and it is refreshing that financial jargon is not used, particularly because they are aimed at reaching a general consumer audience.

Though the CFPB is still new, very soon it will need to move beyond the general categories of issues it is discussing and start addressing specific issues they have identified as important, based on discussions with industry, consumer and public discussions. Also, regardless of the political climate, CFPB needs to continue to focus on what it can do—not what it can’t do—because it still has a great deal of authority even without a Director in place.

*Travis Plunkett is the Legislative Director for the Consumer Federation of America.*

Select Members of the Press

*The following is a compilation of “not-for-attribution” conversations had with several members of the press about the CFPB regarding its efforts around communications and transparency.*

While most consumers don’t follow the actions of federal agencies, the CFPB has a unique mandate in that it is a consumer-oriented bureau. Given that, the expectations related to reaching the public are different, and the CFPB’s name recognition among consumers is still very limited. Considering the age of the bureau and its limited staff, CFPB has done a good of job getting the message out regarding its mission and how it intends to serve the public interest. Its message is very proactive and consistent, and it invites the public to participate and provide information. The CFPB’s website is good, easy to navigate and consumer friendly.

CFPB has fully embraced transparency, as evidenced by its near-real-time posting of schedules for senior officials on the CFPB website, with few redactions. As compared to other federal agencies, CFPB is more proactive in this area. CFPB has also been very public about meetings it has held with industry and consumer groups, and on FOIA requests, it has been very responsive. Too often, CFPB and other federal agencies provide interviews on background (i.e., the reporter cannot use any quotes

from the discussion in his/her reporting), then provide written quotes after the interview. This occurs even when the discussion topic does not warrant such an approach.

The Dodd-Frank Act—and by extension, CFPB—has been a subject of great debate in Washington. As such, it is important for the Bureau to be transparent and avoid major missteps. CFPB is still in the process of collecting data so it remains to be seen how it will utilize the information it gathers to aid its regulatory function, but if it continues the trend it has established so far, the bureau will be successful.

## Case Studies

*The following case studies are summaries of actions within the CFPB that we felt warranted special recognition as practices that demonstrate how the CFPB works to fulfill its mandate. They are based on conversations with staff and verified in documents provided.*

### Community Affairs

Situation: Congress charged the CFPB with addressing issues that are most fundamental to consumers' everyday lives. The challenges the CFPB faced include determining how best to reach consumers to understand what issues are most important to them and how to create a feedback loop between the bureau and consumers.

Action: CFPB developed a working relationship with the advocacy group Americans for Financial Reform (AFR) that included regular communications, meetings and joint efforts. The CFPB worked with AFR to understand key issues and held regular forums with subject matter experts to discuss those key issues. Additionally, CFPB worked directly with AFR to identify grassroots organizations on the ground that could serve as conduits for the delivery of CFPB's financial services.

Results: Through the working relationship with AFR, the CFPB was able to create a conduit to consumers and a feedback loop between itself and consumers. CFPB has met with numerous AFR working groups on topics including consumer response, new media, research and data collection, and mortgages. Doing so has provided invaluable resources, data and assistance, particularly leading up to the establishment of CFPB's own consumer response system. Regular meetings with AFR working groups allows CFPB subject matter experts to have access to external sources of information that become part of internal discussions across the bureau.

### Small Business, Community Banks & Credit Unions

Situation: When CFPB began its work, the bureau recognized the need to develop a feedback loop between itself and the institutions it would supervise and provide rules for (i.e., large banks and community banks and credit unions, respectively). The challenge was not necessarily getting CFPB's voice to the institutions, but rather creating a way to hear from them.

Action: CFPB recognized the difficulty associated with trying to engage each and every community bank and consumer union across the country. CFPB made the decision that in addition to direct outreach, it would work through trade associations. One such association was the Independent Community Bankers of America (ICBA).

Results: Through its relationship with trade associations like ICBA, CFPB was able to receive consistent flows of information on community banks' feelings on current and future CFPB initiatives. CFPB's relationship with ICBA also helped it reach its ambitious goal of meeting with community bankers from all 50 states in less than a year.

**Table 16: Compliance with Legal Requirements**

Legal Requirement	Demonstrated Performance	Finding / Recommendation
<p>CFPB is required by section 1013(a)(5) of the Dodd-Frank Act to have an Ombudsman whose responsibilities include focusing on problem resolution between the CFPB and regulated entities or other third parties.</p>	<ul style="list-style-type: none"> <li>CFPB has evaluated the Ombudsman function within other agencies and conducted an appropriate level of internal planning.</li> </ul>	<ul style="list-style-type: none"> <li>The position of Ombudsman is mandated by the Dodd-Frank Act in the Office of External Affairs and its role within the organization is an important one. A detailee in this position could face some challenges in fulfilling a role that requires internal investigation given that employees could view him/her as temporary and be less than fully cooperative.</li> <li>Thus we recommend that the CFPB fill the position with a full-time employee as soon as possible.</li> </ul>
<p>CFPB is required by section 1014 of the Dodd-Frank Act to create a Consumer Advisory Board that advises and consults with the CFPB in the exercise of its functions and provides information on emerging practices in the consumer financial products or services industry, including regional trends and concerns.</p>	<ul style="list-style-type: none"> <li>CFPB has evaluated the Advisory Board function within other agencies and developed a draft report in July 2011 that outlines best practices related to Board functions, potential rules to govern the Board, mission, and legal requirements.</li> </ul>	<ul style="list-style-type: none"> <li>While the Consumer Advisory Board has an important function within the organization and is mandated by the Dodd-Frank Act in External Affairs, by law the Board cannot be established until the Director of the CFPB is in place.</li> <li>Thus we recommend that preparations continue so the Board can be created as soon as possible following the approval of a Director.</li> </ul>
<p>CFPB is required by Title 10, Section 1013(e) of the Dodd-Frank Act to create the Office of Servicemember Affairs. A key objective for the Office as delineated in the statute is to "educate and empower servicemembers and their families to make better informed decisions regarding consumer financial products and services".</p>	<ul style="list-style-type: none"> <li>CFPB has created the Office of Servicemember Affairs.</li> </ul>	<ul style="list-style-type: none"> <li>In our judgment, based on the information provided, the CFPB has met its obligations in this area.</li> </ul>

Legal Requirement	Demonstrated Performance	Finding / Recommendation
<p>CFPB is required by Title 10, Section 1013(g) of the Dodd-Frank Act to create the Office of Financial Protection for Older Americans, defined as individuals 62 years or older. The goal for this office is to establish programs that provide financial literacy and counseling and to work with other community and non-profit organizations that assist seniors</p>	<ul style="list-style-type: none"> <li>As outlined in Dodd-Frank, CFPB is not required to have created the Office of Financial Protection for Older Americans until January 21, 2012. Although the Office of Financial Protection for Older Americans is not evaluated in this report, since the Office was created on August 28, the acting director of the Office met with numerous governmental offices and stakeholders involved in issues affecting Older Americans, consistent with CFPB's statutory mandate. The permanent Assistant Director will be on board on October 17.</li> </ul>	<ul style="list-style-type: none"> <li>In our judgment, based on the information provided, the CFPB has met its obligations in this area.</li> </ul>
<p>CFPB is required by Title 10, Section 1035 of the Dodd-Frank Act to designate a Private Education Loan Ombudsman. Included in the duties prescribed for the Ombudsman is a charge to "ensure coordination in providing assistance to and serving borrowers seeking to resolve complaints related to their private education or Federal student loans".</p>	<ul style="list-style-type: none"> <li>As outlined in the Dodd-Frank Act, CFPB is not required to have designated a Private Education Loan Ombudsman until October 21, 2011. Given that, the function of Private Education Loan Ombudsman is not evaluated in the remainder of this report.</li> </ul>	<ul style="list-style-type: none"> <li>Designate a Private Education Loan Ombudsman by the date prescribed in Dodd-Frank.</li> </ul>
<p>CFPB is required by Title 10, Section 1013(d) of the Dodd-Frank Act to establish the Office of Financial Education, which is responsible for educating consumers to help them make better financial decisions. This office is charged to reach out directly to consumers and to coordinate with other offices within CFPB to carry out its mandates.</p>	<ul style="list-style-type: none"> <li>CFPB has created the Office of Financial Education. However, due to the newness of the office at this time, it is not evaluated in the remainder of this report.</li> </ul>	<ul style="list-style-type: none"> <li>In our judgment, based on the information provided, the CFPB has met its obligations in this area.</li> </ul>
<p>CFPB is required to comply with the Freedom of Information Act (FOIA). FOIA provides all citizens with the right of access to federal agency records or information. When a written request for information is received by a federal agency, the agency is required to disclose those records, unless they can be lawfully withheld under nine specific exemptions outlined in the statute. The burden is on the government, not the public, to provide explanation for why information cannot be released.</p>	<ul style="list-style-type: none"> <li>The FOIA Manager position has been filled within the Office of Records, Privacy and FOIA.</li> <li>The CFPB is already receiving and responding to FOIA requests.</li> </ul>	<ul style="list-style-type: none"> <li>FOIA is a key component to the CFPB being transparent with the public. It has a plan in place that it is implementing to respond to requests. The launch of the eFOIA system, which is currently in the pilot phase, will exceed what the law requires of the CFPB in this area.</li> <li>In our judgment, based on the information provided, the CFPB has met its obligations in this area.</li> </ul>

Legal Requirement	Demonstrated Performance	Finding / Recommendation
<p>CFPB is required to comply with the E-Government Act of 2002. The E-Government Act of 2002's purpose is to improve electronic government services by establishing a Federal Chief Technology Officer, located in the Office of Management and Budget, and creating a framework that requires Internet-based information technology to improve the transparency of and access to government information and services for citizens. The statute includes the Federal Information Security Management Act of 2002 (FISMA) and the Confidential Information Protection and Statistical Efficiency Act (CIPSEA).</p>	<ul style="list-style-type: none"> <li>The CFPB has developed and implemented an IT structure that adheres to the E-Government Act, including FISMA.</li> </ul>	<ul style="list-style-type: none"> <li>In our judgment, based on the information provided, the CFPB has met its obligations in this area.</li> </ul>
<p>CFPB is required to comply with the Federal Funding and Accountability Transparency Act (FFATA). FFATA requires that all entities or organizations receiving federal funds as of FY 2007 are disclosed to the public, with the intent to empower all citizens with the ability to hold the government accountable for spending decisions. All information on federal awards are available to the public via <a href="http://www.usaspending.gov">www.usaspending.gov</a>, providing transparent information to the public on government spending decisions.</p>	<ul style="list-style-type: none"> <li>The CFPB posts awarded federal contracts to its website.</li> </ul>	<ul style="list-style-type: none"> <li>In our judgment, based on the information provided, the CFPB has met its obligations in this area.</li> </ul>

**Table 17: Achievement of Organizational Goals (Overall Strategies)**

Organizational Goal	Demonstrated Performance	Finding / Recommendation
<p>Build familiarity with the CFPB brand</p>	<ul style="list-style-type: none"> <li>• Lasting brand familiarity is often achieved by going to where people are. The CFPB has positioned itself to achieve brand familiarity by developing a good web presence, building relationships with key stakeholders, structuring key divisions in the manner most accessible to the CFPB's key audience (consumers), and using the media as a vehicle to reinforce its brand.</li> </ul>	<ul style="list-style-type: none"> <li>• While the CFPB has demonstrated that a great deal of thought has gone into its brand, one concern is that the CFPB defines its mission differently in different places. And while it's understandable to a degree that the CFPB would want to make its stated mission easy to understand, strict language guidelines pertaining to mandate, mission, and vision will help brand strength over time.</li> <li>• Thus, we recommend the CFPB revisit the three areas it has publicly communicated in print: its mandate, mission, vision and values and make efforts to reduce the variances and remain as consistent as possible across all mediums.</li> </ul>
<p>Engage the public</p>	<ul style="list-style-type: none"> <li>• Monthly events outside of Washington, DC to introduce CFPB and announce key policy deliverables with an opportunity for feedback via townhalls, roundtables, workshops, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• The CFPB has done a great deal of work to engage the public and has been creative in doing so (something not often found in federal agencies), including by selecting event topics based on important dates and issues so that there might be an inherent public interest in the topic (i.e., lessons learned from the financial crisis – September 15).</li> </ul>
<p>Explain policy deliverables in plain English</p>	<ul style="list-style-type: none"> <li>• The website was developed with an 8<sup>th</sup> grade reader in mind.</li> <li>• Gathering feedback through town halls and consumer events allow the CFPB to “get out of the bubble” and determine what consumers need.</li> </ul>	<ul style="list-style-type: none"> <li>• No recommendations provided for this performance element</li> </ul>

Organizational Goal	Demonstrated Performance	Finding / Recommendation
<p>Illustrate the consumer impact</p>	<ul style="list-style-type: none"> <li>Monthly events like those discussed above generate consumer stories that help illustrate the issues consumers are facing.</li> <li>The focus on "pocketbook" issues (issues with direct relevance to the everyday lives of American families and their finances) reinforce that the CFPB understands what consumers value most.</li> </ul>	<ul style="list-style-type: none"> <li>The inclusion of the three criteria that pocketbook policy deliverables need to meet in order to maximize national and local attention is an excellent strategy. Also a recent op-ed articulating the impact of the 90/10 rule in the for-profit education sector on servicemembers is a good example of how to highlight the impact of certain policies on consumers.</li> <li>We recommend continuing to look for creative ways to help consumers express the challenges they face and their personal experiences. Doing this successfully will be central to the long-term success of the CFPB and will allow CFPB to develop fact-based ways to explain issues to other consumers.</li> </ul>
<p>Maximize bureau resources</p>	<ul style="list-style-type: none"> <li>When the CFPB convenes events around the country, it seeks to take advantage of having staff and stakeholders together in that location (e.g., around the Philadelphia event on 9/15, CFPB staff met with community groups following the press event).</li> <li>Individual offices across all divisions of CFPB are committed to working with other teams and helping other offices fulfill their statutory outreach mandate (e.g., Community Affairs providing outreach support at the Philadelphia event on 9/15).</li> </ul>	<ul style="list-style-type: none"> <li>The CFPB has made a concerted effort to maximize resources and accomplished a great deal with limited staff in part because of its commitment to do so.</li> </ul>

**Table 18: Achievement of Organizational Goals (Community Affairs Strategies)**

Organizational Goal	Demonstrated Performance	Finding / Recommendation
<p>Touch most significant national and regional consumer, civil rights, and grassroots advocacy organizations in the financial services space (~200).</p>	<ul style="list-style-type: none"> <li>Over the past year, CFPB has held nearly 250 meetings with groups including AARP, AFR, Youth, NCLR, Latino groups, NAACP, consumer groups, civil rights groups, faith groups, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Given how significant the efforts have been to engage community groups, a tracker to organize the CFPB's efforts in this area will help it tell its story of who it is reaching and how it is reaching them. The tracker could include a list of groups the CFPB has engaged, the last point of contact, nature of the contact, next steps to further engage the organization, and perhaps some assessment of the degree to which that organization is currently engaged.</li> </ul>
<p>Develop "early warning" information from the field and make available to all CFPB reports and studies from consumer, civil rights, and community groups about impacts of specific financial service products and practices on neighborhoods and communities.</p>	<ul style="list-style-type: none"> <li>The meetings mentioned above as well as roundtable discussions the CFPB holds, often in conjunction with a larger CFPB-hosted event (e.g., Philadelphia on 9/15/11) serve as proactive solicitations for feedback from the "field". In addition, the relationships developed with the groups outlined above create a feedback loop so that those groups have access to the CFPB to share information.</li> </ul>	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>
<p>Create searchable content resource of those reports and studies, and provide periodic updates for all CFPB staff of the input received from these groups.</p>	<ul style="list-style-type: none"> <li>While the CFPB is in the process of developing the searchable content resource, as soon as Consumer Affairs gets reports (internal and external), they share excerpts and key points with other CFPB staff.</li> </ul>	<ul style="list-style-type: none"> <li>The complete development of a searchable content resource will be a terrific way to share information and maximize bureau resources.</li> </ul>
<p>Be a resource to consumer, civil rights and nonprofit organizations, and help all parts of the CFPB access knowledge and information from those groups.</p>	<ul style="list-style-type: none"> <li>Roundtables held by the CFPB bring together constituency groups, including older Americans, students and minority groups to create a two-way dialogue.</li> <li>An internal weekly look-a-head document is provided to all CFPB personnel so they can see upcoming external meetings taking place in the event it makes sense for other groups within CFPB to participate.</li> <li>Additional resources include: social media, the website and the 800 number.</li> </ul>	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>

**Table 19: Achievement of Organizational Goals (Anecdotal Goals)**

Organizational Goal	Demonstrated Performance	Finding / Recommendation
<p>Adhere to all appropriate federal mandates</p>	<ul style="list-style-type: none"> <li>The CFPB adheres to the Dodd-Frank Act, FOIA, FFATA, and the e-Government Act.</li> </ul>	<ul style="list-style-type: none"> <li>In our judgment, based on the information provided, the CFPB has met its obligations in this area. As mentioned in Table 18, while the role of the Ombudsman is filled with a detailee, it does not have a full-time permanent employee filling the position. We recommend doing so as soon as possible.</li> </ul>
<p>Maintain the spirit of transparency that was “baked into the organization” at its inception</p>	<ul style="list-style-type: none"> <li>The CFPB made both Elizabeth Warren and Raj Date’s schedule public on the website.</li> <li>The CFPB has a proactive, forward-looking FOIA operation in place.</li> <li>Everyone we interviewed took transparency and accountability very seriously.</li> </ul>	<ul style="list-style-type: none"> <li>We recommend the CFPB continue its efforts around transparency and continue to find new ways to demonstrate its commitment in this area. Ideas include: making agendas and minutes from public and internal meetings available.</li> </ul>
<p>Educate the public on what CFPB is and what it is doing to help ordinary Americans</p>	<ul style="list-style-type: none"> <li>The CFPB created a website that is easy to navigate and understand and uses it as a vehicle to engage consumers, including seeking and implementing their feedback.</li> <li>The CFPB has made a concerted effort to go to where the public is by creating the Office of Engagement and holding events with consumer groups across the country.</li> </ul>	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>
<p>Meet with community bankers from all 50 states</p>	<ul style="list-style-type: none"> <li>The CFPB achieved this goal ahead of schedule.</li> </ul>	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>

**Table 20: Achievement of Organizational Goals (Consumer Engagement)**

Organizational Goal	Demonstrated Performance	Finding / Recommendation
<p>CFPB-wide shared vision of the role of engagement and the desired impact on the public of our engagement work</p>	<ul style="list-style-type: none"> <li>• CEE has met with all of its internal divisions (i.e., Consumer Engagement, OSA, etc.) and many public-facing divisions, (i.e., External Affairs, Media Relations), to create a shared vision as service providers for digital and non-digital engagement campaigns across the CFPB.</li> <li>• CEE has also met with CFPB leadership to discuss a governance structure for the CFPB's current digital offerings and work on long-term visions for the offerings.</li> <li>• Two working sessions have taken place to define CEE's mission and vision; to date, a draft mission has been developed.</li> </ul>	<ul style="list-style-type: none"> <li>• Consumer Engagement should continue to work on defining its own mission and vision, ensuring that they are in agreement with the mission and vision of the CFPB as a whole. Developing specific objectives for each office within the CFPB makes sense, but it is very important that those objectives align with the overall mission of the CFPB.</li> </ul>
<p>Organizational structure, position descriptions, career ladders, recruitment plan, and policies to support the work (example, "blog on other sites" policy)</p>	<ul style="list-style-type: none"> <li>• CEE has focused its efforts on developing current personnel in Consumer Engagement and doubling the size of the office (excluding leadership) from two to four by 2Q 2012.</li> <li>• Position descriptions and career ladders for these new positions are either in place or in development.</li> <li>• CEE has decided to defer further recruiting efforts until 2Q 2012 in order to take advantage of a better-expected recruiting environment.</li> <li>• CEE has identified a number of areas of development that deem discussion, though no substantive development has taken place yet.</li> <li>• The organizational chart has undergone a number of edits since July, with appropriate changes within CEE reflected.</li> </ul>	<ul style="list-style-type: none"> <li>• Consumer Engagement should move quickly to fill out the office and develop the appropriate plans and policies to allow it to effectively operate.</li> </ul>
<p>Blueprint for the CFPB "consumer experience," concepts for CFPB product and service offerings such as interactive tools, plus plan with timeline to bring one or more of those more significant tools to fruition</p>	<ul style="list-style-type: none"> <li>• Consumer Engagement is working with an outside contractor to develop a draft blueprint for the CFPB consumer experience; the blueprint will be presented to CFPB leadership the week of October 10<sup>th</sup>.</li> <li>• Final sign-off is expected in mid-November, on track for a final delivery of December 2011.</li> </ul>	<ul style="list-style-type: none"> <li>• No recommendations provided for this performance element</li> </ul>
<p>IT solution for editorial workflow and content management system for ConsumerFinance.gov</p>	<ul style="list-style-type: none"> <li>• Consumer Engagement has collaborated with CFPB's technology and information offices and requested the necessary budget and personnel for this project.</li> <li>• Consumer Engagement expects this project to begin during 2Q 2012, though discussions are already underway to determine the project's scope, requirements and timeline.</li> </ul>	<ul style="list-style-type: none"> <li>• We recommend Consumer Engagement continue to work the technology and information offices within CFPB to develop the scope, requirements and timeline of the project.</li> </ul>

Organizational Goal	Demonstrated Performance	Finding / Recommendation
<p>Improved business process for generating and clearing content for use on our website and other electronic channels</p>	<ul style="list-style-type: none"> <li>• Due to the CFPB-wide strategy process, which has identified the clearance process as a possible area for improvement, Consumer Engagement has deferred work on an improved business process for generating and clearing content for website and electronic use.</li> <li>• If the clearance process is determined as an area for improvement, Consumer Engagement plans to involve itself in the new policy development process.</li> <li>• If the clearance process is <i>not</i> determined as an area for improvement, the Consumer Engagement will move forward with improving the process already in place.</li> </ul>	<ul style="list-style-type: none"> <li>• If it is determined that the Clearance Process is in need of improvement, we recommend considerations for a more streamlined approach and strongly encourage Consumer Engagement to be involved in the process of developing a new policy.</li> </ul>
<p>8-10 blog posts each month generated by the Engagement Office, plus support for financial education content in post and tip form generated by the OFE (in addition to posts from around the bureau)</p>	<ul style="list-style-type: none"> <li>• Consumer Engagement has consistently worked with a number of other offices, including Community Affairs and OSA, to highlight interactions with the public and stakeholder groups on the CFPB blog.</li> <li>• CEE is beginning a pilot program to produce 2 to 3 blog posts a week around a “CFPB in your community theme,” which will feature read-outs and copies of prepared remarks of senior CFPB officials meeting with external stakeholders (i.e., community and industry groups) around the country.</li> </ul>	<ul style="list-style-type: none"> <li>• No recommendations provided for this performance element</li> </ul>
<p>Consistent promotion of our money education content such as tip of the day to other sites/channels</p>	<ul style="list-style-type: none"> <li>• While Consumer Engagement is working in collaboration with the Office of Financial Education to plan for posting, promoting and distributing this content as soon as it is available for publication, some of this work will be dependent on the development of the blueprint mentioned above.</li> </ul>	<ul style="list-style-type: none"> <li>• We recommend Consumer Engagement continue to plan for the promotion of education content to ensure promotion is as seamless as possible once it is ready for publication.</li> </ul>
<p>Web portals for the empowerment offices plus OFE (My Fi) and Fair Lending</p>	<ul style="list-style-type: none"> <li>• The office of Fair Lending and Equal Opportunity’s web portal and an improved site for the Office of Community Banks and Credit Unions is set to launch the week of October 2<sup>nd</sup>.</li> <li>• The web portal for OSA is scheduled to launch later in October.</li> </ul>	<ul style="list-style-type: none"> <li>• No recommendations provided for this performance element</li> </ul>
<p>One to two initial offerings to engage the public on money issues or money decision-making in close cooperation with OFE</p>	<ul style="list-style-type: none"> <li>• This work is dependent on the consumer experience blueprint described above.</li> </ul>	<ul style="list-style-type: none"> <li>• We recommend CFPB move forward with plans for the consumer experience blueprint for delivery in December 2011.</li> </ul>

Organizational Goal	Demonstrated Performance	Finding / Recommendation
<p>Design and implementation of calendar for use of direct email tool</p>	<ul style="list-style-type: none"> <li>• Due to the CFPB-wide strategy process in place, it was determined that an interim direct mail strategy would be implemented until completion of the CFPB-wide process was complete.</li> <li>• Consumer Engagement led a cross-divisional effort to develop the interim editorial calendar and strategy for building list segments (e.g., a targeted list of small financial services providers) that was put in place in September.</li> <li>• Consumer Engagement will be heavily involved in development of a longer-term strategy that will follow the final CFPB-wide organizational strategy.</li> </ul>	<ul style="list-style-type: none"> <li>• No recommendations provided for this performance element</li> </ul>
<p>Web streaming capacity (for Oct OSA convening, enforcement hearings)</p>	<ul style="list-style-type: none"> <li>• Consumer Engagement coordinated with CFPB technology and information offices to successfully stream Raj Date's Philadelphia speech on 9/15/2011.</li> <li>• There are plans to live stream two more CFPB events this month.</li> </ul>	<ul style="list-style-type: none"> <li>• We encourage CFPB to continue to use live streaming as a communications tool, as it allows those who are unable to attend CFPB events the opportunity to be a part of them.</li> </ul>

**Table 21: Achievement of Organizational Goals (Servicemember Affairs)**

Organizational Goal	Demonstrated Performance	Finding / Recommendation
<p>Develop military content for website/social media</p>	<ul style="list-style-type: none"> <li>OSA has developed numerous sources of web content, including a specific landing page on the CFPB website for servicemembers that highlights who OSA is and what they are doing for members of the military and their families, and numerous blog posts and articles regarding the happenings inside OSA and the events, speeches, etc. that Holly Petraeus has participated in.</li> </ul>	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>
<p>Host convening in October concerning best practices in offering financial products to military</p>	<ul style="list-style-type: none"> <li>A Request for information was released in the Federal Register on September 6, 2011 for information on the products and services that are unique to servicemembers and their families. The Request for Information was disseminated through all media and distribution channels.</li> <li>The original October convening date was moved to November 8, 2011 in an effort to avoid logistical conflicts with Student and Older American rollout events.</li> <li>OSA is in full planning mode for the convening, putting together panels, question sets and figuring out logistics. However, because of a conflict with President Obama's Financial Education Summit, OSA's convening may be moved again.</li> </ul>	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>
<p>Evaluate financial education at military basic training</p>	<ul style="list-style-type: none"> <li>Members of OSA have visited basic training sites of two military divisions: the Navy and Marine Corps.</li> <li>OSA is scheduled to visit the basic training site for the Army at Fort Jackson on November 4, 2011.</li> <li>Visits to the Air Force and Coast Guard basic training sites are currently being scheduled.</li> <li>So far, OSA has made only initial observations, but wants to focus on the beginning of military careers and the use of technology to modernize financial education for new members of the military.</li> </ul>	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>
<p>Develop revised curriculum for new recruits in coordination with the Department of Defense (DoD)</p>	<ul style="list-style-type: none"> <li>The development of revised curriculum for new recruits is underway with DoD; OSA is in a data-gathering phase.</li> <li>Initial observations show a variance among curriculums across military divisions.</li> </ul>	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>

Organizational Goal	Demonstrated Performance	Finding / Recommendation
<p>Provide military expertise for Consumer Response: scripts, FAQs, referrals, tailored assistance</p>	<ul style="list-style-type: none"> <li>All Consumer Response scripts, FAQs, referrals, and tailored assistance with respect to servicemembers have been developed with extensive OSA input.</li> </ul>	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>
<p>Raise awareness of CFPB/OSA through media, speeches and outreach to business and government</p>	<ul style="list-style-type: none"> <li>CFPB and OSA have both extensively used CFPB's blog to disseminate information regarding the goings on in the bureau as a whole and OSA. Both have used the blog to inform the public on speeches and events that have taken place, as well as asked for the public's input on multiple issues.</li> <li>Holly Petraeus has given 22 speeches since her appointment as Director of OSA in January 2011. Examples of groups she has spoken to include wounded soldiers at Walter Reed National Military Medical Center, the Association of Military Banks, the Army JAG School, the Wounded Warriors project, and members of the U.S. House and Senate.</li> <li>Members of the OSA team have held numerous townhalls and roundtables and traveled to military bases across the country to create a feedback loop through which OSA can educate members of the military on what is going on inside the office and OSA can learn from military members what issues are the most important to them.</li> </ul>	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>

**Table 22: Alignment with Performance Standards (Goals and Objectives)**

Goal	Score	Summary of Performance	Priority	Finding / Recommendation
Build familiarity with the CFPB brand		<p>Building brand awareness takes time. The CFPB has established a solid foundation for achieving familiarity among “everyday Americans” and has had a strong interest from consumers given its short life span. However, its work in this area is only beginning to achieve its goals and minor inconsistencies in the use of brand-related language could slow awareness.</p>	Low	<ul style="list-style-type: none"> <li>We recommend the CFPB revisit the three areas it has publicly communicated in print its mandate, mission, vision and values and make efforts to reduce the variances and remain as consistent as possible across all mediums.</li> <li>Specifically, discontinue using the “Mission” language as it’s duplicative of the Statutory Purpose and Objectives (both of which use language that is clear and suitable for consumer facing communication), keep the vision and use it as a part of the language on the website and in consumer facing vehicles as part of a section devoted to “what does this mean for you”.</li> </ul>
Engage the public		<p>The CFPB is emphasizing this area and understandably so given that successful engagement of the public can help it achieve other goals including brand familiarity and illustration of consumer impact. CFPB has made a conscious effort to engage with the public through its website and blog, as well as using those platforms for soliciting public feedback on CFPB initiatives (e.g., Request for Comment issued for “larger participant” definition, and Know Before You Owe feedback).</p>	High	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>
Explain policy deliverables in plain English		<p>The website is the primary external communications tool for the CFPB to reach the consumer and it has set the tone for communicating in “plain English”. CFPB has made a concerted effort to translate complex financial language into language that anyone could understand, including developing and maintaining the content of the CFPB’s website at an 8<sup>th</sup> grade reading level.</p>	Medium	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>

Goal	Score	Summary of Performance	Priority	Finding / Recommendation
<p>Illustrate the consumer impact</p>	<p><b>G</b></p>	<p>Bringing the stories of how the consumer is impacted is the mission of the department of Consumer Engagement and Education. The CFPB has also aimed to use "human faces" of the bureau to communicate impact to consumers. For example, the CFPB appointed Holly Petraeus as the Director of the Office of Servicemember Affairs, who as the wife and mother of servicemembers has a unique knowledge and understanding of the lives of servicemembers. Mrs. Petraeus' <i>New York Times</i> op-ed in September 2011 on how for-profit schools are taking advantage of servicemembers and their families further demonstrates her unique and appropriate knowledge base. CFPB has also used a Tell Your Story strategy to demonstrate real consumer stories to the public.</p>	<p>High</p>	<ul style="list-style-type: none"> <li>We recommend the CFPB continue to find ways to highlight other faces within the bureau as it grows and matures.</li> </ul>
<p>Maximize bureau resources</p>	<p><b>G</b></p>	<p>The CFPB's determination to not let limited staff be an excuse is appreciable. It has made the most of the resources it has and has made a conscious effort to engage different members of different teams across the organization to maximize results. (e.g., the overlapping of the Consumer Engagement, Community Affairs and Media Relations teams).</p>	<p>Medium</p>	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>
<p>Touch most significant national and regional consumer, civil rights, and grassroots advocacy organizations in the financial services space (~200).</p>	<p><b>G</b></p>	<p>Over the past year, CFPB has held nearly 250 meetings with groups including AARP, AFR, Youth, NCLR, Latino groups, NAACP, consumer groups, civil rights groups, faith groups, etc.</p>	<p>High</p>	<ul style="list-style-type: none"> <li>Given how significant the efforts have been to engage community groups, a tracker to organize the CFPB's efforts in this area will help it tell its story of who it's reaching and how it's reaching them. The tracker could include a list of groups the CFPB has engaged, the last point of contact, nature of the contact, next steps to further engaging the organization and perhaps some assessment of the degree to which that organization is currently engaged.</li> </ul>

Goal	Score	Summary of Performance	Priority	Finding / Recommendation
<p>Develop “early warning” information from the field and make available to all CFPB reports and studies from consumer, civil rights, and community groups about impacts of specific financial service products and practices on neighborhoods and communities.</p>	<p><b>G</b></p>	<p>The meetings mentioned above as well as the roundtable discussions the CFPB holds—often in conjunction with a larger CFPB-hosted event in a city (e.g., Philadelphia on 9/15/11)—serve as proactive solicitations for feedback from the “field”. In addition, the relationships developed with the groups outlined above create a feedback loop so that those groups have access to the CFPB to share information.</p>	<p>Low</p>	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>
<p>Create searchable content resource of those reports and studies, and provide periodic updates for all CFPB staff of the input received from these groups.</p>	<p><b>Y</b></p>	<p>While the CFPB is in the process of developing the searchable content resource, as soon as Consumer Affairs receives both internal and external reports, they share excerpts and key points with other CFPB staff.</p>	<p>Low</p>	<ul style="list-style-type: none"> <li>The complete development of a searchable content resource will be a terrific way to share information and maximize bureau resources.</li> </ul>
<p>Be a resource to consumer, civil rights and nonprofit organizations, and help all parts of the CFPB access knowledge and information from those groups.</p>	<p><b>G</b></p>	<p>Roundtables held by the CFPB bring together key constituency groups, including older Americans, students, and minority groups and create a two-way dialogue. An internal weekly look-a-head document is provided to all CFPB personnel so they can see upcoming external meetings taking place in the event it makes sense for other groups within CFPB to participate as well. Additional resources include: social media, the website and the 800 number.</p>	<p>Medium</p>	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>
<p>Adhere to Section 1013(a)(5) of the Dodd-Frank Act</p>	<p><b>Y</b></p>	<p>CFPB has evaluated the Ombudsman function within other federal agencies and conducted some internal planning. Additionally, a detailee has been assigned to the Office of the Ombudsman. However, the Ombudsman function is not yet up and running as a complete functioning office.</p>	<p>High</p>	<ul style="list-style-type: none"> <li>The position of Ombudsman is mandated by the Dodd-Frank Act in External Affairs and its role within the organization is an important one. Further, a detailee in this position could face some challenges in fulfilling a role that requires internal investigation given that employees could view him/her as temporary and be less than fully cooperative.</li> <li>Thus we recommend that the CFPB fill the position with a full-time employee as soon as possible.</li> </ul>

Goal	Score	Summary of Performance	Priority	Finding / Recommendation
Adhere to Section 1014 of the Dodd-Frank Act	—	Without a Director, CFPB is statutorily unable to have a functioning Consumer Advisory Board.	High	<ul style="list-style-type: none"> <li>While the Consumer Advisory Board has an important function within the organization and is mandated by the Dodd-Frank Act in external affairs, by law, the Board cannot be created until the Director of the CFPB is in place.</li> <li>Thus we recommend the Board be created as soon as possible following the approval of a Director.</li> </ul>
Adhere to Title 10, Section 1013(e) of the Dodd-Frank Act	G	CFPB has created the Office of Servicemember Affairs.	High	<ul style="list-style-type: none"> <li>In our judgment, based on the information provided, the CFPB has met its obligations in this area.</li> </ul>
Adhere to Title 10, Section 1013(g) of the Dodd-Frank Act	—	As outlined in Dodd-Frank, CFPB is not required to have created the Office of Financial Protection for Older Americans until January 21, 2012. Although the Office of Financial Protection for Older Americans is not evaluated in this report, since the Office was created on August 28, the acting director of the Office met with numerous governmental offices and stakeholders involved in issues affecting Older Americans, consistent with CFPB's statutory mandate. The permanent Assistant Director will be on board on October 17.	Medium	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>
Adhere to Title 10, Section 1035 of the Dodd-Frank Act	—	As outlined in the Dodd-Frank Act, CFPB is not required to have designated a Private Education Loan Ombudsman until October 21, 2011. Given that, the function of Private Education Loan Ombudsman is not evaluated in the remainder of this report.	High	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>
Adhere to Title 10, Section 1013(d) of the Dodd-Frank Act	?	CFPB has created the Office of Financial Education. However, given the newness of the office at this time, it is not evaluated in the remainder of this report.	High	<ul style="list-style-type: none"> <li>We recommend that the CFPB continue working toward this being a fully functional office.</li> </ul>

Goal	Score	Summary of Performance	Priority	Finding / Recommendation
Adhere to the Freedom of Information Act (FOIA)	G	CFPB has demonstrated exemplary compliance with FOIA. The FOIA Office has adopted a “discretionary” approach under which transparency takes precedence. At this stage in its youthful history, the FOIA Office has created and begun implementing internal process and procedures for responding to FOIA requests in a streamlined manner, and has made significant efforts to ensure that all appropriate offices within CFPB are made aware of specific FOIA requests that may be of interest to them. Notably, CFPB’s approach could become the new benchmark for FOIA compliance.	High	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>
Adhere to the E-Government Act of 2002	G	CFPB has developed and implemented an IT structure that adheres to the E-Government Act, including FISMA.	High	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>
Adhere to the Federal Funding and Accountability Transparency Act (FFATA)	G	CFPB posts awarded federal contracts to the CFPB website.	High	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>

Goal	Score	Summary of Performance	Priority	Finding / Recommendation
<p>Transparency with the public</p>	<p><b>G</b></p>	<p>CFPB stakeholders clearly expressed that a key objective for the bureau as a whole, and for their individual departments, is to be transparent to the public through a variety of different mediums. This is something that was "baked into" the CFPB at inception and has been maintained since. The bureau has demonstrated its commitment to transparency by beginning to post Elizabeth Warren's calendar online on November 24, 2010, even before launching the CFPB website. Additionally, the CFPB has had nearly 100 one-on-one conversations with Members of Congress from both sides of the aisle, it has met with a number of open government organizations, and has provided updates on hiring, including listing the names and experience of all senior leadership, and posting updates to provide a snapshot of how the CFPB is spending funds. Future considerations in this area include making additional documents and senior leadership calendars available online, and an eFOIA system. The bureau is also evaluating the possibility of posting consumer complaints online when they are received.</p>	<p>High</p>	<ul style="list-style-type: none"> <li>Identify ways to share with other agencies and make public how the CFPB has gone about its FOIA process. This is an area CFPB can exhibit some thought leadership.</li> </ul>
<p>Educate the public on who CFPB is and what they are doing</p>	<p><b>G</b></p>	<p>Multiple CFPB stakeholders expressed that the key goal for them as external communicators is to ensure that consumers know who CFPB is and what the bureau is doing. Thus far, CFPB has successfully used its website and blog to communicate what is going on inside the bureau as well as to demonstrate its commitment to transparency as described previously. Additionally, CFPB consistently uses backchannel communications (i.e., personal phone calls to consumer groups) to continue to educate the public on CFPB operations (e.g., through the Community Affairs Office, all job announcements are sent to the Office's list of consumer groups).</p>	<p>Medium</p>	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>

Goal	Score	Summary of Performance	Priority	Finding / Recommendation
Meet with community bankers from all 50 states		CFPB not only met but exceeded their goal of meeting with community bankers from all 50 states within one year; in fact, they reached their goal well before the deadline. The CFPB also continues outreach to community bankers (e.g., during the weeks of September 12 <sup>th</sup> and 19 <sup>th</sup> , CFPB spoke with community bankers from 17 different states).	Medium	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>
CFPB-wide shared vision of the role of engagement and the desired impact on the public of our engagement work		Consumer Engagement has held two working sessions to define the office's mission and vision, and a draft mission statement has been developed. The Office has also worked in collaboration with other CFPB offices to develop long-term visions for current CFPB digital engagement offerings.	High	<ul style="list-style-type: none"> <li>Consumer Engagement should continue to work on defining its own mission and vision, ensuring that they are in agreement with the mission and vision of the CFPB as a whole. Developing a coordinated mission and vision will strengthen the CFPB brand over time.</li> </ul>
Organizational structure, position descriptions, career ladders, recruitment plan, and policies to support the work (example, "blog on other sites" policy)		While Consumer Engagement has deferred recruiting efforts to 2Q 2012, it has focused its attention to currently growing the office from two to four personnel. Position descriptions and career ladders for those descriptions are either in development or have been developed. Additionally, Consumer Engagement has recognized and identified policies for development, discussion and implementation that are in the development process currently.	High	<ul style="list-style-type: none"> <li>Consumer Engagement should move quickly to fill the office and develop the appropriate plans and policies to allow it to effectively operate.</li> </ul>
Blueprint for the CFPB "consumer experience," concepts for CFPB product and service offerings such as interactive tools, plus plan with timeline to bring one or more of those more significant tools to fruition		A blueprint for the CFPB consumer experience is on track and on budget for delivery in December 2011. The work is being done through an outside contractor, who will present a draft blueprint to CFPB leadership the week of October 10 <sup>th</sup> .	Medium	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>
IT solution for editorial workflow and content management system for ConsumerFinance.gov		Consumer Engagement has requested the appropriate budget and personnel resources for this project, and discussions on the project's scope, timeline and requirements have begun.	Medium	<ul style="list-style-type: none"> <li>We recommend Consumer Engagement continue to work with the technology and information offices within CFPB to develop the score, requirements and timeline of the project.</li> </ul>

Goal	Score	Summary of Performance	Priority	Finding / Recommendation
Improved business process for generating and clearing content for use on our website and other electronic channels		Because the CFPB overall organizational strategy process has deemed the clearance process as a possible area for improvement, Consumer Engagement has deferred work on this deliverable. Once it is determined whether or not the process will be drastically changed, Consumer Engagement will either move forward with its deliverable, or will be heavily involved in the drafting process.	Low	<ul style="list-style-type: none"> <li>If it is determined that the Clearance Process is in need of improvement, we recommend considerations for a more streamlined approach to the process and strongly encourage Consumer Engagement to be involved in the process of developing a new policy.</li> </ul>
8-10 blog posts each month generated by the Engagement Office, plus support for financial education content in post and tip form generated by the OFE (in addition to posts from around the bureau)		Consumer Engagement has consistently worked with other offices throughout CFPB to develop blog content that supports broader outreach efforts to stakeholder groups (i.e., consumer advocacy groups, students, servicemembers, etc.). The Office is also implementing a pilot program to develop 2 to 3 blog posts per week around a “CFPB in your community” theme that highlights CFPB senior leadership visiting external stakeholders.	Medium	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>
Consistent promotion of our money education content such as tip of the day to other sites/channels		While Consumer Engagement is working in collaboration with the Office of Financial Education to plan for posting, promoting and distributing this content as soon as it is available for publication, some of this work will be dependent on the development of the blueprint mentioned above.	Medium	<ul style="list-style-type: none"> <li>We recommend Consumer Engagement continue to plan for the promotion of education content to ensure promotion is as seamless as possible once it is ready for publication.</li> </ul>
Web portals for the empowerment offices plus OFE (My Fi) and Fair Lending		The Office of Fair Lending and Equal Opportunity’s web portal and an improved site for the Office of Community Banks and Credit Unions will launch on October 2 <sup>nd</sup> . An updated OSA web portal will be launched later in October.	Medium	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>
One to two initial offerings to engage the public on money issues or money decision-making in close cooperation with OFE		This deliverable is dependent on the consumer experience blueprint outlined above.	High	<ul style="list-style-type: none"> <li>We recommend CFPB continue to move forward with the consumer experience blueprint so that work that is dependent on it can move forward.</li> </ul>

Goal	Score	Summary of Performance	Priority	Finding / Recommendation
Design and implementation of calendar for use of direct email tool		Because of the CFPB-wide strategy process underway, an interim strategy plan was put in place for an editorial calendar and the building of targeted list segments. Consumer Engagement led the effort to develop the interim strategy, and will lead the long-term process moving forward.	Medium	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>
Web streaming capacity (for Oct OSA convening, enforcement hearings)		Consumer Engagement, in collaboration with the information and technology offices, successfully streamed Raj Date's 9/15 Philadelphia speech live on the CFPB website. Plans to live stream two more events this month are in place.	Medium	<ul style="list-style-type: none"> <li>We encourage CFPB to continue to use live streaming as a communications tool, as it allows those who are unable to attend CFPB events the opportunity to be a part of them.</li> </ul>
Develop military content for website/social media		OSA has developed numerous sources of web content, including a specific landing page on the CFPB website for servicemembers that highlights who OSA is and what they are doing for members of the military and their families, and numerous blog posts and articles regarding the happenings inside OSA and the events, speeches, etc. that Holly Petraeus has participated in.	Medium	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>
Host convening in October concerning best practices in offering financial products to military		OSA has released a Request for Information via the Federal Register to gain insight on the products and services that are most unique to servicemembers and their families. An original October convening date was moved to November due to logistical conflicts with Student and Older American rollout events. Planning is well underway for the November event, though that date may be moved back as to avoid a conflict with President Obama's Financial Education Summit. Planning thus far has included identifying panel speakers, creating question sets, and figuring out logistical information.	Medium	<ul style="list-style-type: none"> <li>We recommend the CFPB continue the planning process already underway for the convening event.</li> </ul>

Goal	Score	Summary of Performance	Priority	Finding / Recommendation
Evaluate financial education at military basic training		Members of OSA have visited basic training sites of two military divisions: the Navy and Marine Corps. OSA is scheduled to visit the basic training site for the Army at Fort Jackson on November 4, 2011. Visits to the Air Force and Coast Guard basic training sites are currently being scheduled. So far, OSA has made only initial observations, but want to focus on the beginning of military careers and the use of technology to modernize financial education for new members of the military.	Medium	<ul style="list-style-type: none"> <li>We recommend the CFPB continue to move forward with planning visits to the remaining military basic training sites in order to reach its goal of going to all military division basic training sites by January 2012.</li> </ul>
Develop revised curriculum for new recruits in coordination with Dept. of Defense		The development of revised curriculum for new recruits is underway with DoD; OSA is in a data-gathering phase. Initial observations show a variance among curriculums across military divisions.	Medium	<ul style="list-style-type: none"> <li>We recommend the CFPB continue its work with DoD move forward with beginning to revise new recruit curriculum.</li> </ul>
Provide military expertise for Consumer Response: scripts, FAQs, referrals, tailored assistance		All Consumer Response scripts, FAQs, referrals, and tailored assistance with respect to servicemembers have been developed with extensive OSA input.	Medium	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>
Raise awareness of CFPB/OSA through media, speeches and outreach to business and government		CFPB and OSA have both extensively used CFPB's blog to disseminate information regarding the happenings in the Bureau as a whole and OSA. Both have used the blog to inform the public on speeches and events that have taken place, as well as asked for the public's input on multiple issues. Holly Petraeus has participated in 26 meetings and speeches since her appointment as Director of OSA in January 2011. Examples of groups she has spoken to include wounded soldiers at Walter Reed National Military Medical Center, the Association of Military Banks, the Army JAG School, the Wounded Warriors project, and members of the U.S. House and Senate. Members of the OSA team have held numerous townhalls and roundtables and traveled to military bases across the country to create a feedback loop through which OSA can educate members of the military on what is going on inside the office and OSA can learn from military members what issues are the most important to them.	Medium	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>

**Table 23: Alignment with Performance Standards (Audiences)**

Audience	Score	Summary of Performance	Priority	Finding / Recommendation
Consumers		<p>As a consumer-focused organization, the CFPB has understandably made consumers their priority audience. CFPB's website is user-friendly both in navigation and in content accessibility and understanding. Moreover, the CFPB has a good strategy in building relationships with groups that serve as a conduit to reaching consumers. Finally, it is developing a parallel targeted approach to reach consumers with unique needs or circumstances (e.g., servicemembers, ethnic groups). The website and media as communications vehicles have limitations, particularly for rural and low-income populations. CFPB has attempted to alleviate this by conducting townhalls in low-income areas, including events in Ohio, Montana and San Francisco. Given the special challenges with engaging these groups, coordination between departments within External Affairs to leverage relationships with third-party groups is and will continue to be important going forward. The bureau has also embraced the importance of providing multi-lingual services, co-developing (not translating) the revamped mortgage disclosure documents from Know Before You Owe for Spanish use. A fully functional Spanish website is also in development. The CFPB's 800 number is available in 189 languages, and they were the first federal bureau to tweet in Spanish. Of the 419 in-person meetings Elizabeth Warren conducted with various groups, more 19% were with consumer groups.</p>	High	<ul style="list-style-type: none"> <li>• Adding additional languages to the website and generating select materials in other languages will allow the CFPB to engage consumers in populations it can only reach indirectly at this point in time.</li> </ul>

Audience	Score	Summary of Performance	Priority	Finding / Recommendation
<p>Policymakers</p>	<p><b>G</b></p>	<p>CFPB's Office of Legislative Affairs has communicated regularly since it began its work with federal policymakers by developing reports on the CFPB's progress, providing testimony and regular phone calls to keep Members of Congress informed on issues and initiatives. Phone calls prior to a major announcement from the CFPB to Senate Banking and House Financial Services committees ensure no surprises for lawmakers. Elizabeth Warren testified before Congress on three occasions in 2011 to provide updates on CFPB in March, May and July. CFPB officials have testified a total of 11 times before Congress thus far in 2011 to provide updates. Also, in addition to Memorandums of Understanding (MOU's) in place with state attorney generals, meetings have taken place including one meeting with state AGs that included members of CFPB staff from every division. Of the 419 in-person meetings Elizabeth Warren conducted with various groups, more than a quarter (26%) were on the Hill.</p>	<p>Medium</p>	<ul style="list-style-type: none"> <li>The Intergov office was recently staffed, and will be responsible for developing relationships with state, local and international officials. Full functionality of this office will further enhance the ability for the CFPB to demonstrate its support and impact and also to solicit information at the state and local level.</li> </ul>
<p>Private Sector</p>	<p><b>G</b></p>	<p>In the early stages of the CFPB, Elizabeth Warren made personal calls to leaders of the nation's largest banks, and met with leaders of those banks whenever schedules allowed travel to New York City. Prior to the CFPB Progress Report release in July, the same leaders were made aware of the coming report. The operation to engage large participants is still being defined given that: (1) supervisory interaction provides a natural conduit for communication; and (2) the Advisory Board will help shape what this eventually looks like. However, CFPB has developed an ongoing dialogue with community banks through direct outreach, and trade groups such as ICBA and ABA. Of the 419 in-person meetings Elizabeth Warren conducted with various groups, nearly half (47%) were with financial services firms, community banks and credit unions.</p>	<p>Medium</p>	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>

Audience	Score	Summary of Performance	Priority	Finding / Recommendation
Third Party Organizations		<p>CFPB's consumer focus has made interactions with third parties, particularly consumer groups, a priority. They have embraced the need to keep an open line of communication with key third party groups (e.g., Consumers Union and Americans for Financial Reform). While the CFPB's intentions in this area are advanced based on conversations with staff, more documented planning would be useful particularly as other departments look to leverage third party traction/awareness and thus maximize sources. CFPB has recognized the need to tailor their services to select English-second language populations who have been particularly affected by the financial crisis. The CFPB's 800 number is available in 189 languages, and they were the first federal bureau to tweet in Spanish.</p>	High	<ul style="list-style-type: none"> <li>We recommend more documented planning so that the CFPB can outline key target groups, assess those relationships and other departments within the CFPB can leverage third party traction/awareness as well.</li> </ul>
Media		<p>Media is an important audience for the CFPB given that it is often the way consumers learn about the bureau. The CFPB has created the Media Relations office and placed a premium of being active in this area, which results suggest has paid off. Feedback from reporters we spoke with indicate that CFPB staff are responsive and informed.</p>	Medium	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>

**Table 24: Alignment with Performance Standards (Policies and Processes)**

Policy / Process	Score	Summary of Performance	Priority	Recommendations
Clearance Process	<b>G</b>	CFPB developed and distributes to all new employees a policy document that outlines among other things the clearance process. It includes the process all staff should use for internal and external documents including maintaining records of the documents as well as detail about document type and appropriate timelines for internal review and approval.	Low	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>
Morning Meeting – External Communicators	<b>G</b>	A morning meeting with all external communicators ensures that the CFPB is speaking with one voice, and that all members of the team are on the same page.	Low	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>
FOIA Process	<b>G</b>	FOIA is a required component for creating transparency with the public. CFPB has established and implemented a FOIA process that is explained clearly and thoroughly on the website for interested parties. Internally, the process has been clearly defined using a process map that outlines important points of decision-making within the CFPB, a processing model checklist, and timeline that includes action items, goals and completion date. The CFPB has placed an emphasis here and it's apparent. With the implementation of the eFOIA system, items such as a reading room, FOIA policy and consumer guide may be added.	High	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>
Weekly FOIA Update with Internal Stakeholders (Awareness Meeting)	<b>G</b>	Weekly updates on the FOIA process provide internal control and ensure that the appropriate people are made aware of large or potentially sensitive requests that have been made. It also highlights issues that may (or may not) be gaining momentum among the public.	Low	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>

Policy / Process	Score	Summary of Performance	Priority	Recommendations
Media Memo		<p>A media memo is distributed to all employees at orientation that outlines how to deal with media requests and who is approved to speak on behalf of the CFPB. This serves to avoid instances where statements to the media are made by someone not authorized to do so, and outlines the internal system in place to appropriately handle an important audience and vehicle for the CFPB.</p>	Low	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>

**Table 25: Alignment with Performance Standards (Messages)**

Strategy/Message	Score	Summary of Performance	Priority	Recommendations
The CFPB Message		<p>The CFPB developed a document in December 2010 called The CFPB Message that articulates the CFPB's value proposition for consumers. However, no additional material has been developed with respect to communications messages.</p>	High	<ul style="list-style-type: none"> <li>While thoughtful consideration of the CFPB's value proposition for consumers is worthwhile, the CFPB should develop a message architecture that considers the specific needs of all of its audiences (consumers, industry, policymakers, etc.).</li> </ul>

**Table 26: Alignment with Performance Standards (Vehicles and Materials)**

Vehicle / Material	Score	Summary of Performance	Priority	Recommendations
CFPB Website		The CFPB's website is an important form of communication with the public for the CFPB. The website is easy to navigate and deliberately easy to read (developed targeting an 8 <sup>th</sup> grade reading level). It also includes information on what has been going on in the bureau (see below), including Requests for Comment and information on their recent projects (e.g., Know Before You Owe and CFPB's report on remittances). It is important to keep in mind that the web only reaches a select portion of the population and as such, not fall prey to assuming it's on the web, it's reaching people.	Medium	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>
CFPB Blog		The CFPB blog, within the website, serves as a vehicle for communicating what CFPB is doing as a bureau. It also serves as a way for CFPB to respond to consumer inquiries and the issues that they believe are most important (e.g., a Twitter post highlighted in a July 15, 2011 by <i>The New York Times</i> on mortgage disclosure forms that the bureau responded to via a video post on its blog).	Low	<ul style="list-style-type: none"> <li>As the organization matures and the staff grows, CFPB should strive to increase the frequency of blog posts (currently about one per week), in order to make this a more robust communications tool.</li> </ul>
Events/Speeches		CFPB events/speeches give a face to the bureau, showing consumers the leaders of the organization and providing a chance to further communicate the message and progress of the CFPB. Local town hall events and speeches are a regular form of communication at CFPB. Livestreaming and posting videos of speeches/events on the website provide an additional way for people who could not attend the event to be included (e.g., livestreaming of Raj Date's speech in Philadelphia on September 15, 2011).	Medium	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>

Vehicle / Material	Score	Summary of Performance	Priority	Recommendations
Press		<p>The press is both an audience unto itself as well as a vehicle to reach other audiences. Based on a media scan of top-tier media, the CFPB has been effective in using the press as a vehicle to get its message out. Of particular note are a number of pieces written specifically on CFPB that provide updates on the CFPB's operations, praise initiatives of the bureau (i.e., Know Before You Owe), or highlight its interaction with the public.</p>	Medium	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>
Webinars/Livestream		<p>CFPB has followed through on plans to use webinars to generate a dialogue between the bureau and outside groups, including with community banks, large trade associations, large credit card issuers, credit unions, and consumer and civil rights groups. The CFPB also successfully had its first livestream of an event on 9/15/2011 when Raj Date's speech in Philadelphia was streamed live on CFPB's website.</p>	Low	<ul style="list-style-type: none"> <li>To date there has been limited use of Webinars and Livestream but the CFPB has honored its commitment to use them as a way of communications with the general public or allowing them to participate in an event. As the staff grows and CFPB hosts/participates in more events, this might become a more robust communications tool.</li> </ul>

**Table 27: Alignment with Performance Standards (Metrics of Success)**

Metric	Score	Summary of Performance	Priority	Finding / Recommendation
<p>Definition of Communications/Media Success</p>	<p><b>Y</b></p>	<p>Broadly the CFPB communications staff views success as effectively communicating the purpose of the CFPB to consumers. However, different definitions of success exist across departments (i.e., one division may base success on the number of comments received while another may believe success is whether every media story that is pitched gets printed). In other cases, there are no defined metrics at all or the goals that have been established are not measurable. Metrics are a challenge in communications and understandably the CFPB has been in a more tactical/survival mode since its creation.</p>	<p>High</p>	<ul style="list-style-type: none"> <li>As additional staff is added, devoting time and resources to define success and establish metrics will allow the CFPB to evaluate itself and for others outside the CFPB to do the same. Also, as the staff will inevitably experience some turnover, having documented metrics for assessing performance is important.</li> </ul>
<p>Were key stakeholders engaged in the implementation period?</p>	<p><b>G</b></p>	<p>As discussed in earlier assessments of key audience outreach, CFPB has clearly made consumers their priority audience. Throughout the implementation period, consumers (and third party groups) were engaged through multiple mediums, including through the CFPB's website and through initiatives like Know Before You Owe and the larger participant Request for Comment. Through the Office of Community Affairs, consumer groups were touched on a consistent basis, whether it was through back channels, or through participation in townhalls and other CFPB events. Policymakers were also engaged throughout the implementation period, particularly through Hill briefings and testimony by CFPB personnel. Hill staff were also included in numerous CFPB events, including pre-briefing calls before the July 21<sup>st</sup> launch, a mortgage disclosure symposium, and an event focused on the CARD Act. As the CFPB's work with ICBA exhibits, the private sector was also engaged throughout the implementation period. Elizabeth Warren attended many meetings and held many phone calls with members of the financial industry.</p>	<p>High</p>	<ul style="list-style-type: none"> <li>No recommendations provided for this performance element</li> </ul>

Metric	Score	Summary of Performance	Priority	Finding / Recommendation
Does the public know about CFPB and how to find the bureau?		<p>CFPB has made a conscious effort to engage the public in the work performed by the CFPB. While success is difficult to define at this early stage, CFPB has an engaged community actively utilizing the website, and the bureau impressively received over 10,000 consumer responses from the first iteration of Know Before You Owe. It is important to note that CFPB consciously chose not to do a large rollout in July and they carefully weighed the tradeoff between providing early awareness but not being able to deliver on certain promises and waiting until CFPB has the capacity, both personnel wise and statutorily, to deliver on promises made.</p>	Medium	<ul style="list-style-type: none"> <li>• Making the public aware of the CFPB is a sizeable task and thus, it has just begun to scratch the surface in this area. We do not have any recommendations at this time beyond what the CFPB is already doing in this area. However, the CFPB should consider making public the many ways it tries to reach the public and ask for news ways it should consider via the website, social media, etc.</li> </ul>
Community Bankers from all 50 States		<p>Even before the official opening date of CFPB, the bureau set an ambitious goal for meeting with community bankers from all 50 states. The goal was made public via the CFPB's website, holding CFPB accountable to the public. By reaching out directly and through third party groups such as the ICBA and ABA, CFPB was able to meet their goal. The community bankers are an important group for CFPB to engage as they have different needs than the larger participants do. If engaged properly, they could serve as an advocate for the CFPB's work over time.</p>	High	<ul style="list-style-type: none"> <li>• No recommendations provided for this performance element</li> </ul>

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## Section 6: Budget

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### 6.1 Scope of Audit

This section establishes the scope of our performance audit in the Budget area. The purpose of this assessment was to evaluate the CFPB's budgeting processes and their strategic use of the budget, and to make recommendations on how these practices could be more effective and efficient for the organization. In order to evaluate CFPB's performance, we examined the extent to which the bureau has: (1) complied with relevant laws and regulations; (2) achieved organizational goals and objectives; and (3) aligned with performance standards and best practices.

In order to evaluate CFPB's performance against relevant laws and regulations, we examined the extent to which the bureau has complied with applicable sections of the Dodd-Frank Act, as amended by the Full-Year Continuing Appropriations Act of 2011. In particular, we focused on the following areas:

- Applicable language under Title X of the Dodd-Frank Act in order to understand the mechanism by which CFPB requests funding from and is funded by the Board of Governors of the Federal Reserve System
- CFPB's budget formulation and operations planning process including the parties involved; the processes, methods and tools being used; and the timing of budgeting processes
- CFPB's budget execution process including the tracking and reporting of commitments and outlays as well as the related set of reporting responsibilities
- CFPB's financial management systems, the preparation of the bureau financial statements and related assertion as to the effectiveness of internal controls, and planned financial audit of the bureau by the GAO

In order to assess achievement of organizational goals, we held a series of meetings with CFPB officials in the Office of the Chief Operating Officer and the Office of the Chief Financial Officer. In addition, we reviewed documents provided by CFPB related to strategic and operational planning, budget formulation and execution, budgeting policies and procedures, contractual agreements, funding requests of and transfers from the Federal Reserve, and expenditure analysis. We also evaluated whether CFPB budget execution activities provide effective and timely communication to appropriate parties within CFPB management and the public.

With respect to performance standards and best practices for budgeting, financial management and performance management, we principally referenced the guidance in *OMB Circular A-11 Preparation, Submission, and Execution of the Budget*; *OMB Circular A-136, Financial Reporting Requirements*; and *OMB Circular A-123, Management's Responsibility for Internal Control*. We also referenced the Government Performance and Results Act (GPRA) Modernization Act of 2010 (Public Law 111-352 or GPRA-MA). While it has not been established that all of these standards apply to the CFPB, they are instructive as examples of federal budgeting standards.

Finally, taking into consideration the early stage in the evolution of CFPB, we gathered information from budget formulation and execution officials at two relevant organizations: (1) the Office of the Comptroller of the Currency (OCC); and (2) the Federal Deposit Insurance Corporation (FDIC). We also contacted the Administrative Resource Center of the Bureau of the Public Debt to arrange a demonstration of their budget formulation and performance management solution. Our objective was to gather experiences, ideas, and recommendations from these agencies to offer to CFPB to further refine and improve its budgeting processes.

## 6.2 Evaluation Criteria

The purpose of this section is to describe the evaluation criteria for this review area (associated findings and recommendations are presented in Section 6.3). As with other areas of performance, our audit focuses on three sets of criteria: (1) compliance with legal requirements; (2) achievement of organizational goals; and (3) alignment with performance standards, best practices, and/or benchmarks.

### 6.2.1 Compliance with the Law

The bullets below describe specific provisions of the Dodd-Frank Act that establish requirements and/or evaluation criteria in the Budget area.

- **Sections 1017(a)(1) and (3) of the Dodd-Frank Act** specify the process by which the bureau requests funding from the Board of Governors based on amounts determined by the Director to be reasonably necessary to carry out the authorities of the bureau.
- **Section 1017(a)(2) of the Dodd-Frank Act** specifies the annual funding cap for the bureau amounting to a fixed percentage of the total operating expenses of the Federal Reserve System. Further, this section specifies that the funds derived from the Federal Reserve System shall not be subject to review by the Committees on Appropriations of the House of Representatives and the Senate.
- **Section 1017(a)(4) of the Dodd-Frank Act** requires CFPB to provide OMB with copies of the bureau's financial operating plans and forecasts as well as copies of the quarterly reports of the financial condition and results of operations of the bureau. CFPB is required to prepare annual financial statements; implement and maintain financial management systems that comply substantially with Federal financial management systems requirements and applicable Federal accounting standards; and provide to the Comptroller General of the United States an assertion as to the effectiveness of the internal controls that apply to financial reporting by the bureau, using the standards established in section 3512(c) of title 31, United States Code. The CFPB financial statements shall not be consolidated with the financial statements of either the Board of Governors or the Federal Reserve System.
- **Section 1017(a)(5) of the Dodd-Frank Act** specifies the Comptroller General shall annually audit the financial transactions of the bureau in accordance with the United States generally accepted government auditing standards and submit to the Congress a report of each annual

audit conducted under this subsection. A copy of each audit report shall also be furnished to the President and to the bureau at the time submitted to the Congress.

- **Section 1017(b) of the Dodd-Frank Act** requires the Federal Reserve to establish a separate CFPB fund—maintained and established at a Federal Reserve bank—where all amounts transferred to the bureau shall be deposited.
- **Section 1017(e) of the Dodd-Frank Act** authorizes the bureau Director to determine whether the funds set aside from the Federal Reserve System are sufficient to carry out the authorities of the bureau. If it is determined that the funds are insufficient, the Director shall prepare a report regarding the extent to which the funding needs are anticipated to exceed the funded amount. Based on this report, the bureau may request appropriations up to \$200 million per year for fiscal years 2012 through 2014.

## 6.2.2 Achievement of Organizational Goals

In order to assess achievement of organizational goals, we evaluated the progress that CFPB has made towards measurable goals that are documented in CFPB planning artifacts. The bullets below describe the specific organizational goals that are included in our analysis. In addition to our experiences with other comparable organizations, these goals were informed by our industry experiences, as well as case studies presented in GAO-03-669: *Results-Oriented Cultures; Implementation Steps to Assist Mergers and Organizational Transformations (July 2003)* and the Booz, Allen, Hamilton report to Treasury: *Research & Analysis: Organizational Stand-ups Lessons Learned and Key Insights (May 2010)*.

- Budget formulation and execution documentation reflects the overall organizational strategy.
- Budget organization is set up to effectively meet the goals of CFPB.
- Budget is formulated in a structured, comprehensive and useful manner.
- Budget execution provides effective and timely communication to appropriate parties within CFPB management and the public.
- Budget formulation and execution tools and reporting methods effectively support the needs of CFPB.

## 6.2.3 Alignment with Performance Standards and Best Practices

In order to assess achievement of performance standards and best practices, we evaluated the progress CFPB has made against two principal reference bases: (1) relevant OMB Circulars and Acts pertaining to budgeting, financial and performance management; and (2) other relevant U.S. federal agencies that have unique funding mechanisms and missions similar to that of CFPB.

## Relevant OMB Circulars and Acts

With respect to government wide budgeting, financial and performance management standards, we referenced OMB Circular A-11 *Preparation, Submission, and Execution of the Budget*, OMB Circular A-136, *Financial Reporting Requirements*; and OMB Circular A-123, *Management's Responsibility for Internal Control*. We also referenced the Government Performance and Results Act (GPRA) Modernization Act of 2010 (Public Law 111-352 or GPRA-MA or the "Acts").

- **OMB Circular A-11** maps out the basic budget policies that need to be followed and applicable laws, as well as the apportionment process and reporting requirements. Additionally, Circular A-11 provides a framework for strategic planning and performance monitoring.
- **OMB A-136** provides a reference for financial reporting guidance to Executive Branch departments, agencies, and entities required to submit audited financial statements, interim financial statements, and Performance and Accountability Reports.
- **OMB A-123** provides guidance to Federal managers on improving the accountability and effectiveness of Federal programs and operations by establishing, assessing, correcting, and reporting on internal control.
- **GPRA-MA** creates a new government-wide planning and reporting framework and revises agency planning and reporting responsibilities. These guidelines include refined content requirements for strategic plans and priority goals, performance management plans, quarterly progress reviews, and performance reporting.

CFPB is currently working to clarify and document the applicability of these Circulars and Acts to CFPB operations. Meanwhile, the ASR team used these references as guiding principles and best practices sources for CFPB to use as its operations are stood up and established. The bullets below describe the specific performance standards that were included in our analysis.

- **Strategic Planning and Performance Management's Relationship to Resource Allocation.** We would expect evidence of progressive stages of strategic planning, as well as incorporation of GPRA-MA concepts that outline high-level organizational priorities, annual performance management plans, performance objectives and associated budget plans, progress reviews, accountability assignments, and plans for transparent monitoring and reporting.
- **Fund Control Administration.** We would expect written policies that outline protocols for funding requests and transfers as well as procedural documentation related to internal control activities.
- **Budget Control / Execution and Reporting.** We would expect documentation related to funds management that clearly identifies how the organization tracks commitments and obligations, along with identification of who within the organization is responsible for committing and obligating funds and levels of approval required. We would also expect

internal control procedural documentation related to budget control / execution and reporting activities.

## Budgeting Processes for Relevant U.S. Federal Agencies

With respect to other relevant U.S. federal agencies with missions similar to CFPB's and non-appropriated funding, we used outreach discussions with FDIC and OCC to gather information related to their current budget formulation processes and practices and how these might apply to CFPB. In addition, we contacted the Administrative Resource Center of the Bureau of the Public Debt to arrange a demonstration of the Budget Formulation & Execution Manager (BFEM) solution currently offered for budgeting and performance management automation. Our objective was to learn from the experiences, ideas, and recommendations of these agencies, so that CFPB might further define and improve its budgeting process.

## 6.3 Findings and Recommendations

In this section, we present key findings and recommendations for each of the three sets of criteria included in the performance audit: (1) compliance with the legal requirements; (2) achievement of organizational goals; and (3) alignment with performance standards, best practices, and/or benchmarks. The supporting tables referenced throughout this section are presented at the end of the section.

### 6.3.1 Compliance with Legal Requirements

Table 28 presents our assessment of the CFPB's compliance with legal requirements. Each row in this table corresponds to a specific legal requirement. For each requirement, we describe the progress that the bureau has demonstrated to date, along with any recommendations for future action. As documented in Table 28, **all relevant budgeting requirements under Title X of the Dodd-Frank Act have been addressed by the bureau and we offer no specific recommendations.** Overall, we found that CFPB practices are documented and consistently performed. The bullets below summarize the demonstrated performance that emerged from our analysis.

- **CFPB funding requests and transfers are under the funding cap.** Quarterly funding transfers have been prepared and presented to the Federal Reserve. CFPB funding for FY 2010 and 2011 was approximately 3.6% of the 2009 operating budget of the Federal Reserve System. The initial FY 2012 budget submitted to OMB (and included in the President's Budget) was approximately 6.6% of the 2009 operating budget of the Federal Reserve System. In all cases, these funding requests are substantially below the funding caps defined by Dodd-Frank Section 1017(a)(2).
- **CFPB has no plans for appropriations requests.** CFPB funding through the Federal Reserve is not subject to the traditional formulation and review of the Congressional appropriations process. However, should the bureau Director determine a need for appropriated funds, he/she may prepare a report that illustrates how funding needs exceed those dollars that are set aside from the Federal Reserve System as specified under Dodd-Frank Section 1017(e). Such appropriations cannot exceed \$200 million per year for the fiscal years 2010 through 2014. CFPB did not request an appropriation in either FY 2011 or 2012.

- **CFPB has met the requirements to provide financial results to OMB.** CFPB has provided copies of its financial operating plans as well as budget execution reports to OMB. CFPB plans to provide its annual financial statements to OMB on or about November 15.
- **CFPB’s internal controls testing and the GAO financial audit are underway.** CFPB has hired an Internal Control over Financial Reporting (ICFR) contractor to perform a risk assessment, develop test plans, and provide CFPB management with test results. CFPB plans to provide an Assertion of Internal Controls for FY 2011. Further, as required under Dodd-Frank Section 1017(a)(5), an engagement letter has been executed with GAO to conduct an independent financial statement audit for CFPB for FY 2011.
- **CFPB leverages the BPD Administrative Resource Center for financial management processing.** CFPB financial management systems are centrally hosted by the BPD Administrative Resource Center, which meets the requirements under Dodd-Frank Section 1017(a)(4)(C).

### 6.3.2 Achievement of Organizational Goals

Table 29 presents our assessment of the CFPB’s achievement of organizational goals. Each row in this table corresponds to a specific organizational goal. For each goal, we describe the expected progress we believe CFPB should have made during the bureau’s stand-up implementation and since the transfer date, the progress that the bureau has demonstrated to date, along with recommendations for future action. The bullets below highlight our key findings and recommendations

- **CFPB should complete policy and procedural documentation.** CFPB should continue its work underway to more-fully document policies related to critical aspects of the Federal Reserve funding request and transfer process. In addition, CFPB should continue to more-fully document policies related to budget formulation and execution / commitment control. Supplemental documentation should be developed to define detailed funding and budgetary procedures, roles and responsibilities, and performance management and monitoring practices.
- **CFPB should build a staffing plan for the budget organization.** CFPB has been hiring additional budget staff over the past several months. As the bureau continues to expand its operations, we encourage the bureau to continue to reach out to other comparable U.S. federal agencies with unique funding mechanisms and missions similar to that of CFPB (e.g., FDIC and OCC) to garner ideas and recommendations for the structure and staffing levels of the budgeting operations.
- **CFPB should continue to expand transparency of funding and expenditures.** As the CFPB grows, we expect the bureau will continue to expand the amount of information available to the public (e.g., operational plans, funding levels, expenditures, financial performance management against bureau priorities, and the like).
- **CFPB should increase automation of budget formulation and performance management.** As is expected, much of CFPB’s budget formulation process is manual and leverages spreadsheets – some of which are quite large and complex. CFPB should continue comparative analysis with other similar agencies to evaluate options for enhanced budget

formulation and performance management automation. Where possible, we recommend leveraging pre-existing solutions to best serve the bureau at this stage of its evolution versus developing a bureau-specific solution.

### 6.3.3 Alignment with Performance Standards and Best Practices

Table 30 presents our assessment of the CFPB's alignment with performance standards and best practices adapted from respective components of OMB Circulars A-11, A-136 and A-123 as well as GPRA-MA. For each aspect of performance, we provide the following information: (1) a rating of CFPB's performance to date, using a stoplight scale (i.e., Red, Yellow or Green); (2) a summary of demonstrated performance; (3) the priority of future progress in this area, based on the importance of the performance area for a start-up organization; and (4) recommendations for future action. The bullets below highlight our key findings and recommendations.

- **CFPB should continue to clarify and document the applicability of budget-related Circulars and Acts.** CFPB continues its efforts to clarify and document the applicability to CFPB operations of various budgeting and performance management Circulars and Acts. CFPB has already adopted and will continue to integrate into its operations the principles and concepts contained within the relevant Circulars and Acts and the bureau will implement, where possible, best practice components. We support the bureau's plans to both document and implement all applicable standards and best practices.
- **CFPB should incorporate "outcome" objectives in strategic planning.** We understand that bureau-wide strategic plans are under development within CFPB. While this performance audit did not evaluate the progress nor content of the current draft plans, we encourage CFPB's progressive stages of strategic planning to incorporate GPRA-MA concepts outlining high-level organizational priorities, "outcome" objectives, annual performance management plans, relationship to funding and budgetary plans, progress review plans, accountability assignments, and plans for transparent monitoring and reporting.
- **CFPB should load its budget at a divisional level.** Starting with the FY 2013 President's Budget (currently being formulated) and the FY 2012 Operations Plan for CFPB, the bureau plans to construct its budget on a bottom-up basis by cost center. For the FY 2012 Operations Plan, CFPB plans to load its budget in its financial management system on a divisional basis for enhanced execution and control. We support the bureau's plan to begin loading the budget at a divisional level in FY 2012 for more effective management, control and accountability.

**Table 28: Compliance with Legal Requirements**

Legal Requirement	Demonstrated Performance	Finding / Recommendation
<p><b>SEC. 1017. FUNDING; PENALTIES AND FINES.</b></p> <p><b>(a) TRANSFER OF FUNDS FROM BOARD OF GOVERNORS.—</b></p> <p><b>(1) IN GENERAL.—</b>Each year (or quarter of such year), beginning on the designated transfer date, and each quarter thereafter, the Board of Governors shall transfer to the Bureau from the combined earnings of the Federal Reserve System, the amount determined by the Director to be reasonably necessary to carry out the authorities of the Bureau under Federal consumer financial law, taking into account such other sums made available to the Bureau from the preceding year (or quarter of such year).</p>	<ul style="list-style-type: none"> <li>• Documented budget funding process.</li> <li>• Federal Reserve account services agreement.</li> <li>• Formal approved transfer requests.</li> <li>• Funding transfers began 08/10/2010.</li> </ul>	<p>CFPB plans are documented and processes are consistently performed.</p>
<p><b>(2) FUNDING CAP.—</b></p> <p><b>(A) IN GENERAL.—</b>Notwithstanding paragraph (1), and in accordance with this paragraph, the amount that shall be transferred to the Bureau in each fiscal year shall not exceed a fixed percentage of the total operating expenses of the Federal Reserve System, as reported in the Annual Report, 2009, of the Board of Governors, equal to—</p> <ul style="list-style-type: none"> <li>(i) 10 percent of such expenses in fiscal year 2011;</li> <li>(ii) 11 percent of such expenses in fiscal year 2012;</li> </ul> <p>and</p> <ul style="list-style-type: none"> <li>(iii) 12 percent of such expenses in fiscal year 2013, and in each year thereafter.</li> </ul> <p><b>(B) ADJUSTMENT OF AMOUNT.—</b>The dollar amount referred to in subparagraph (A)(iii) shall be adjusted H. R. 4173—601 annually, using the percent increase, if any, in the employment cost index for total compensation for State and local government workers published by the Federal Government, or the successor index thereto, for the 12-month period ending on September 30 of the year preceding the transfer.</p> <p><b>(C) REVIEWABILITY.—</b>Notwithstanding any other provision in this title, the funds derived from the Federal Reserve System pursuant to this subsection shall not be subject to review by the Committees on Appropriations of the House of Representatives and the Senate.</p>	<ul style="list-style-type: none"> <li>• Per CFPB, actual funding provided for FY 2010 and 2011 has reached approximately 3.6% of the Federal Reserve's 2009 operating budget.</li> <li>• CFPB's initial FY 2012 budget submitted to OMB (and included in the President's Budget) is approximately 6.6% of the Federal Reserve's 2009 operating budget.</li> </ul>	<p>CFPB plans are documented and processes are consistently performed.</p>
<p><b>(3) TRANSITION PERIOD.—</b>Beginning on the date of enactment of this Act and until the designated transfer date, the Board of Governors shall transfer to the Bureau the amount estimated by the Secretary needed to carry out the authorities granted to the Bureau under Federal consumer financial law, from the date of enactment of this Act until the designated transfer date.</p>	<ul style="list-style-type: none"> <li>• Documented budget funding process.</li> <li>• Formal approved transfer requests.</li> <li>• Budget execution tracking and status reporting.</li> </ul>	<p>CFPB plans are documented and processes are consistently performed.</p>

Legal Requirement	Demonstrated Performance	Finding / Recommendation
<p><b>(4) BUDGET AND FINANCIAL MANAGEMENT.—</b></p> <p><b>(A) FINANCIAL OPERATING PLANS AND FORECASTS.—</b>The Director shall provide to the Director of the Office of Management and Budget copies of the financial operating plans and forecasts of the Director, as prepared by the Director in the ordinary course of the operations of the Bureau, and copies of the quarterly reports of the financial condition and results of operations of the Bureau, as prepared by the Director in the ordinary course of the operations of the Bureau.</p> <p><b>(B) FINANCIAL STATEMENTS.—</b>The Bureau shall prepare annually a statement of—</p> <ul style="list-style-type: none"> <li>(i) assets and liabilities and surplus or deficit;</li> <li>(ii) income and expenses; and</li> <li>(iii) sources and application of funds.</li> </ul> <p><b>(C) FINANCIAL MANAGEMENT SYSTEMS.—</b> The Bureau shall implement and maintain financial management systems that comply substantially with Federal financial management systems requirements and applicable Federal accounting standards.</p> <p><b>(D) ASSERTION OF INTERNAL CONTROLS.—</b> The Director shall provide to the Comptroller General of the United States an assertion as to the effectiveness of the internal controls that apply to financial reporting by the Bureau, using the standards established in section 3512(c) of title 31, United States Code.</p> <p><b>(E) RULE OF CONSTRUCTION.—</b>This subsection may not be construed as implying any obligation on the part of the Director to consult with or obtain the consent or approval of the Director of the Office of Management and Budget with respect to any report, plan, forecast, or other information referred to in subparagraph (A) or any jurisdiction or oversight over the affairs or operations of the Bureau.</p> <p><b>(F) FINANCIAL STATEMENTS.—</b>The financial statements of the Bureau shall not be consolidated with the financial statements of either the Board of Governors or the Federal Reserve System.</p>	<ul style="list-style-type: none"> <li>• Copies of financial operating plans provided to OMB.</li> <li>• Copies of budget execution reports provided to OMB.</li> <li>• Annual financial statements planned to be shared with OMB on or about November 15.</li> <li>• The CFPB financial statements have never been consolidated with either the Department of the Treasury, the Board of Governors of the Federal, or the Federal Reserve System.</li> <li>• Implemented Financial Management system suite hosted by Treasury BPD – Administrative Resource Center.</li> <li>• CFPB hired an Internal Control Over Financial Reporting (ICFR) contractor to perform a risk assessment, develop test plans, and provide CFPB management with test results.</li> <li>• CFPB plans to provide an Assertion of Internal Controls for FY 2011.</li> </ul>	<p>CFPB plans are documented and processes are consistently performed.</p>

Legal Requirement	Demonstrated Performance	Finding / Recommendation
<p>(5) <b>AUDIT OF THE BUREAU.</b>— H. R. 4173—602</p> <p>(A) <b>IN GENERAL.</b>—The Comptroller General shall annually audit the financial transactions of the Bureau in accordance with the United States generally accepted government auditing standards, as may be prescribed by the Comptroller General of the United States. The audit shall be conducted at the place or places where accounts of the Bureau are normally kept. The representatives of the Government Accountability Office shall have access to the personnel and to all books, accounts, documents, papers, reports, files, and all other papers, automated data, things, or property belonging to or under the control of or used or employed by the Bureau pertaining to its financial transactions and necessary to facilitate the audit, and such representatives shall be afforded full facilities for verifying transactions with the balances or securities held by depositories, fiscal agents, and custodians. All such books, accounts, documents, reports, files, papers, and property of the Bureau shall remain in possession and custody of the Bureau. The Comptroller General may obtain and duplicate any such books, accounts, documents, records, working papers, automated data and files, or other information relevant to such audit without cost to the Comptroller General, and the right of access of the Comptroller General to such information shall be enforceable pursuant to section 716(c) of title 31, United States Code.</p> <p>(B) <b>REPORT.</b>—The Comptroller General shall submit to the Congress a report of each annual audit conducted under this subsection. The report to the Congress shall set forth the scope of the audit and shall include the statement of assets and liabilities and surplus or deficit, the statement of income and expenses, the statement of sources and application of funds, and such comments and information as may be deemed necessary to inform Congress of the financial operations and condition of the Bureau, together with such recommendations with respect thereto as the Comptroller General may deem advisable. A copy of each report shall be furnished to the President and to the Bureau at the time submitted to the Congress.</p> <p>(C) <b>ASSISTANCE AND COSTS.</b>—For the purpose of conducting an audit under this subsection, the Comptroller General may, in the discretion of the Comptroller General, employ by contract, without regard to section 3709 of the Revised Statutes of the United States (41 U.S.C. 5), professional services of firms and organizations of certified public accountants for temporary periods or for special purposes. Upon the request of the Comptroller General, the Director of the Bureau shall transfer to the Government Accountability Office from funds available, the amount requested by the Comptroller General to cover the full costs of any audit and report conducted by the Comptroller General. The Comptroller General shall credit funds transferred to the account established for salaries and expenses of the Government Accountability Office, and such amount shall be available upon receipt and without fiscal year limitation to cover the full costs of the audit and report.</p>	<ul style="list-style-type: none"> <li>• An engagement letter has been executed with the GAO to conduct an independent financial statement audit for CFPB for FY 2011.</li> <li>• The scope of the GAO engagement letter addresses the requirements of the legislation.</li> </ul>	<p>CFPB plans are documented and processes are consistently performed.</p>
<p>(b) <b>CONSUMER FINANCIAL PROTECTION FUND.</b>— H. R. 4173—603</p> <p>(1) <b>SEPARATE FUND IN FEDERAL RESERVE ESTABLISHED.</b>—</p> <p>There is established in the Federal Reserve a separate fund, to be known as the "Bureau of Consumer Financial Protection Fund" (referred to in this section as the "Bureau Fund"). The Bureau Fund shall be maintained and established at a Federal reserve bank, in accordance with such requirements as the Board of Governors may impose.</p> <p>(2) <b>FUND RECEIPTS.</b>—All amounts transferred to the Bureau under subsection (a) shall be deposited into the Bureau Fund.</p>	<ul style="list-style-type: none"> <li>• Documented budget funding process.</li> <li>• Federal Reserve account services agreement.</li> <li>• A separate fund has been established at the Federal Reserve for CFPB and all amounts transferred by the Federal Reserve have been deposited into the separate CFPB fund.</li> </ul>	<p>CFPB plans are documented and processes are consistently performed.</p>

Legal Requirement	Demonstrated Performance	Finding / Recommendation
<p>(e) AUTHORIZATION OF APPROPRIATIONS; ANNUAL REPORT.—</p> <p>(1) DETERMINATION REGARDING NEED FOR APPROPRIATED FUNDS.—</p> <p>(A) IN GENERAL.—The Director is authorized to determine that sums available to the Bureau under this section will not be sufficient to carry out the authorities of the Bureau under Federal consumer financial law for the upcoming year.</p> <p>(B) REPORT REQUIRED.—When making a determination under subparagraph (A), the Director shall prepare a report regarding the funding of the Bureau, including the assets and liabilities of the Bureau, and the extent to which the funding needs of the Bureau are anticipated to exceed the level of the amount set forth in subsection (e)(2). The Director shall submit the report to the President and to the Committee on Appropriations of the Senate and the Committee on Appropriations of the House of Representatives.</p> <p>(2) AUTHORIZATION OF APPROPRIATIONS.—If the Director makes the determination and submits the report pursuant to paragraph (1), there are hereby authorized to be appropriated to the Bureau, for the purposes of carrying out the authorities granted in Federal consumer financial law, \$200,000,000 for each of fiscal years 2010, 2011, 2012, 2013, and 2014.</p> <p>(3) APPORTIONMENT.—Notwithstanding any other provision of law, the amounts in paragraph (2) shall be subject to apportionment under section 1517 of title 31, United States Code, and restrictions that generally apply to the use of appropriated funds in title 31, United States Code, and other laws.</p> <p>(4) ANNUAL REPORT.—The Director shall prepare and submit a report, on an annual basis, to the Committee on Appropriations of the Senate and the Committee on Appropriations of the House of Representatives regarding the financial operating plans and forecasts of the Director, the financial condition and results of operations of the Bureau, and the sources and application of funds of the Bureau, including any funds appropriated in accordance with this subsection.</p>	<ul style="list-style-type: none"> <li>CFPB is not planning to request an appropriation in either FY 2011 or 2012.</li> </ul>	<p>CFPB plans are documented and processes are consistently performed.</p>

**Table 29: Achievement of Organizational Goals**

Organizational Goal	Expected Performance	Demonstrated Performance	Finding / Recommendation
<p>Budget formulation and execution documentation reflects the overall organizational strategy</p>	<ul style="list-style-type: none"> <li>Organizational strategies and "outcome" objectives provide direct line-of-sight for budget formulation and execution reporting.</li> <li>Increased association of "outcomes" with related spend.</li> </ul>	<ul style="list-style-type: none"> <li>CFPB is in the process of preparing a strategic plan.</li> <li>CFPB has not yet begun associating resources with "outcomes" or performance metrics.</li> </ul>	<p>Refer to comments in Table 30 under "Strategic Planning and Performance Management's Relationship to Resource Allocations."</p>
<p>Budget organization is set up to effectively meet the goals of CFPB</p>	<ul style="list-style-type: none"> <li>Draft organizational and staffing plan under review for final approval.</li> <li>Draft hiring plans in place.</li> <li>Draft budget position descriptions.</li> </ul>	<ul style="list-style-type: none"> <li>The budget office reports into the office of the CFO.</li> <li>Currently there are 3 positions in the Budget Office. Each of these individuals bring significant budget experience to CFPB.</li> <li>Potential to add budget staff in key departments, if it is deemed necessary.</li> </ul>	<p>As the bureau continues to expand its operations, we encourage the bureau to continue to reach out to other comparable U.S. federal agencies with unique funding mechanisms and missions similar to that of CFPB (e.g., FDIC and OCC) to garner ideas and recommendations for the structure and staffing levels of the budgeting operations.</p>
<p>Budget is formulated in a structured, comprehensive and useful manner</p>	<ul style="list-style-type: none"> <li>Budget policies drafted and under review for approval.</li> <li>Budget processes for formulation documented and in place.</li> </ul>	<ul style="list-style-type: none"> <li>Organizational communication has been provided to both alert and instruct participants in the budget formulation process.</li> <li>An annual Operating Plan is used to synthesize the budget formulation efforts.</li> <li>Benchmarks and forecasts have been used to build the start-up budgets (especially in the area of workforce planning).</li> <li>The formulation is presented to executive management for review, revision, and approval.</li> </ul>	<p>Refer to comments in Table 30 under "Budget Control / Execution and Reporting."</p>

Organizational Goal	Expected Performance	Demonstrated Performance	Finding / Recommendation
<p>Budget execution provides effective and timely communication to appropriate parties within CFPB management and the public</p>	<ul style="list-style-type: none"> <li>Budget processes for execution and commitment control documented and in place.</li> <li>Internal controls documentation drafted and under review for approval.</li> <li>Monthly and quarterly budget execution reporting performed.</li> <li>Budget execution results reported and published on external websites to promote transparency.</li> </ul>	<ul style="list-style-type: none"> <li>CFPB has posted information regarding financial information online.</li> <li>Documents available include:                             <ul style="list-style-type: none"> <li>CFO updates that summarize spending to date;</li> <li>Budget in brief documents;</li> <li>CFPB budget for FY 2011 submitted to OMB</li> </ul> </li> <li>Budget control is being monitored through bi-weekly budget to actual reports from the accounting system.</li> <li>ICFR risk assessment and controls testing has begun leveraging contractor resources.</li> </ul>	<p>CFPB has made good progress with regard to transparency and communication, both internally as well as externally. As their budget detail progresses, we expect that they will continue to expand the amount of information available to the public (e.g., operational plans, funding levels, expenditures, performance management against bureau priorities).</p>
<p>Budget formulation and execution tools and reporting methods effectively support the needs of CFPB</p>	<ul style="list-style-type: none"> <li>Automated tools used to formulate the budget as well as to perform budget execution and commitment control.</li> <li>Draft long-range plans in place for comprehensive budget formulation and GPRA-MA tool(s).</li> </ul>	<ul style="list-style-type: none"> <li>Budget formulation is primarily done on spreadsheets.</li> <li>The bureau loads the budget at the CFPB level currently, but plans a divisional level load for FY 2012.</li> <li>CFPB uses the BPD Financial Management system for budget execution and commitment control.</li> </ul>	<p>Much of this process is manual or leveraging spreadsheets, which is expected. CFPB should continue comparative analysis with other similar agencies to evaluate options for enhanced budget formulation and performance management automation.</p>

**Table 30: Alignment with Performance Standards**

Factor	Score	Summary of Performance	Priority	Finding / Recommendation
Strategic Planning and Performance Management's Relationship to Resource Allocations		<ul style="list-style-type: none"> <li>CFPB provided component-level, departmental plans developed as part of the stand-up implementation activities and also used to support the FY 2012 Operations Plan formulation</li> <li>CFPB provided communications and planning documentation related to its current strategic plan development efforts</li> </ul>	Medium	While this performance audit did not evaluate the progress nor content of the current draft plans, we encourage CFPB's progressive stages of a strategic planning process to incorporate GPRA-MA concepts outlining high-level organizational priorities, "outcome" objectives, annual performance management plans, relationship to funding and budgetary plans, progress review plans, accountability assignments, and plans for transparent monitoring and reporting.
Fund Control Administration		<ul style="list-style-type: none"> <li>CFPB demonstrated a repeatable process for preparing, approving and requesting funding transfers from the Federal Reserve</li> <li>There were limited specific <u>written</u> policies and procedures related to the process for initiating, reviewing, and approving funding requests</li> </ul>	High	Continue to build out written policies and procedures for the critical aspects of funding request and transfer process.
Budget Control/ Execution and Reporting		<ul style="list-style-type: none"> <li>Funds are managed with a bi-weekly budget to actual report from BPD – Administrative Resource Center's financial management system</li> <li>The budget is loaded at a bureau-wide level, making individual business unit accountability more difficult to track</li> <li>An ICFR contractor is working with CFPB on initial risk assessment and will eventually perform tests of operating effectiveness of key controls</li> <li>There were limited specific <u>written</u> policies and procedures related to the process for budget authorizations and allocations and for initiating, reviewing, and approving expenditure requests</li> </ul>	High	<p>CFPB should continue to make progress with its work underway to more-fully document policies related to budget formulation and execution / commitment control.</p> <p>Supplemental documentation should be developed defining detailed funding and budgetary procedures, roles and responsibilities, and performance management and monitoring practices.</p> <p>We support the bureau's plan to begin leading the budget at a divisional level in FY 2012.</p>

Table 31 presents list of considerations for CFPB compiled from our outreach with the Department of the Treasury – BPD – Administrative Resource Center as well as two comparable U.S. federal agencies with unique funding mechanisms and missions similar to that of CFPB (i.e., FDIC and OCC). These collective experiences, ideas, and recommendations are provided such that CFPB can further define and improve its budgeting process while it evolves as a bureau.

**Table 31: Best Practices Considerations from Agency Outreach**

**Best Practices Considerations for CFPB as Organizational and Budget Processes Evolve**

**Multi-Year Budgeting:**

- In addition to the two-year budget formulation process (i.e., one year forward for the Operating Plan and two years forward for the President’s Budget), at least one agency recommended that CFPB implement a multiple-year investment planning process especially for significant capital expenditures that might have longer funding requirements.

**Budget Formulation:**

- Two reference agencies strongly suggested that CFPB consider using a predominantly top-down approach to budget formulation. In the case of one agency which has used this method for at least 5 years and without any bottom-up budget calls, they discouraged the use of any extensive bottom-up approach.
- While appreciative of the start-up operations for CFPB, a reference agency strongly encouraged the use of extensive budget expenditure research and comprehensive analysis prior to laying down an initial baseline budget each year. This agency found historical expenditures to be a strong predictor of future budgetary needs.
- A reference agency recommended leveraging a centralized budget staffing model with a core team of budget analysts at headquarters along with at least one resource overseeing the agency’s performance management and review plans (e.g., GPRA-MA or a comparable program). Thereafter, each major departmental or division would have embedded budget analyst(s) – depending on size – which closely coordinated their work with that of the headquarters staff.
- A reference agency recommended the use of budget “self-discipline” suggesting flattening or bringing the budget down in times of decreasing enforcement or oversight actions. This agency added this was especially relevant in their case where their funding was principally from risk-based insurance premiums levied on related entities.

**Budget Execution and Performance Management**

- A reference agency recommended as a best practice extensive quarterly expenditure and performance measurement analysis reviewed against goals. This agency also performs a mid-year true-up of the budget, where necessary. Close monitoring of the budget execution results are made to make sure there is no “gaming” taking place.
- This same agency has a relatively extensive performance-based pay program linked to “corporate” goals of the agency.
- A reference agency suggested that, where possible, the formulated budget and agency performance measures (e.g., GPRA-MA or a comparable program) be approved at the same time to drive tighter alignment and integration.

**Best Practices Considerations for CFPB as Organizational and Budget Processes Evolve****Budgeting and Performance Management Technology**

- A reference agency currently using spreadsheets for budget formulation recommended strong version control and historical archiving practices to avoid issues cropping up during the iterative cycles of formulation. Use of structured file naming conventions was a critical solution for this agency in lieu of a more sophisticated budget formulation solution.
- This same agency commented that access to historic data was extremely helpful for accurate and effective budget formulation (in their case, they had access to an extensive financial and operational data warehouse for budget research and analysis). This agency found historical expenditures to be a strong predictor of future budgetary needs.
- Another reference agency found the implementation of a budget formulation and execution software solution helpful to manage workflow needs and address version control requirements.

## Appendix A: List of CFPB Officials who Provided Input

Operational Area	CFPB Officials who Provided Input to this Audit
Human Capital and Organizational Development	Eben Darling, Team Lead, CHCO Operations Marilyn Dickman, Deputy Chief Human Capital Officer Dennis Slagter, Chief Human Capital Officer (CHCO) Mary Tamberrino, Team Lead, Workforce Planning & Strategic Initiatives, CHCO
Consumer Response	Sartaj Alag – Assistant Director, Consumer Response Darian Dorsey – Data/Analysis Lead Andrew Fay – Investigations Manager Cordelia Holmes – Manager, Intake Chris Johnson – Acting Section Chief, QA/Intake Steve Kirchgraber – Investigations Manager Christi Monk – Quality Analyst Scott Pluta – Attorney Advisor, Consumer Response Deb Reilly – Former Implementation Team Lead, Consumer Response Cathaleen Skinner – Attorney Advisor Julie Vanderslice – Investigations Manager LaShaun Warren – Product Development Manager
Information Technology	David Forrest – Chief Technology Officer Rachael Goldfarb – Acting Deputy CTO, Technology & Innovation Neeraj Gupta – Project Manager, Technology & Innovation Team Ori Lev – Deputy Assistant Director for Enforcement Litigation Joanna Pearl – Enforcement Attorney Nellisha Ramdass – Project Manager, Technology & Innovation Team Chris Willey – Chief Information Security Officer Mike Witt – Chief Information Security Officer
Communications and Transparency	Flavio Cumpiano – Congressional Liaison David DuBois – Deputy Director, Office of Servicemember Affairs Leandra English – Senior Advisor, External Affairs David Forrest – Chief Technology Officer Gail Hillebrand – Associate Director, Consumer Education and Engagement Jen Howard – Acting Assistant Director, Media Relations Peter Jackson – Acting Assistant Director, Office of Engagement Zixta Martinez – Assistant Director, Community Affairs Martin Michalosky – FOIA Manager Jeff Reilly – Executive Secretary Chris Willey – Chief Information Officer Mike Witt – Chief Information Security Officer
Budget	Ed Bustillo – Budget Analyst Judith Ochs – Program Analyst Victor Prince – Deputy Chief Operating Officer Jack Roziner – Audit and Internal Controls Manager Freddy Velez – Acting Chief Financial Officer Brian Winseck – Budget Analyst



## Appendix B: List of Acronyms

AAR	After Action Reviews
ACSI	American Customer Satisfaction Index
AFR	Americans for Financial Reform
ASR	ASR Analytics, LLC
ATO	Authority to Operate
B2B	Business to Business
B2C	Business to Consumer
BFEM	Budget Formulation & Execution Manager
BPD	Bureau of Public Debt
CAB	Consumer Advisory Board
CFO	Chief Financial Officer
CFPB	Consumer Financial Protection Bureau
CHCO	Chief Human Capital Officer
CIO	Chief Information Officer
CIPSEA	Confidential Information Protection and Statistical Efficiency Act
CIS	Consumer Information System
CISO	Chief Information Security Officer
COOP	Continuity of Operations Plan
CR	Consumer Response
CTO	Chief Technology Officer
DOJ	Department of Justice
ECQ	Executive Core Qualification
EVM	Earned Value Management
FASA	Federal Acquisition Streamlining Act
FDIC	Federal Deposit Insurance Corporation
FFATA	Federal Funding and Accountability Transparency Act
FHFA	Federal Housing Finance Agency
FIRREA	Financial Institutions Reform Recovery and Enforcement Act
FISMA	Federal Information Security Management Act
FITD	Federal Information Technology Dashboard
FOIA	Freedom of Information Act
GAGAS	Generally Accepted Government Auditing Standards
GAO	Government Accountability Office
GPRA	Government Performance and Results Act
GPRA-MA	Government Performance and Results Act Modernization Act
HCAAF	Human Capital Assessment and Accountability Framework
HCMR	Human Capital Management Report
HCPP	Human Capital Program Plan
HR	Human Resources

ICBA	Independent Community Bankers of America
ICFR	Internal Control over Financial Reporting
IRB	Investment Review Board
IT	Information Technology
ITIM	Information Technology Investment Management
IVR	Interactive Voice Response
LAN	Local Area Network
MOU	Memorandum of Understanding
NFC	National Finance Center
OCC	Office of the Comptroller of the Currency
OFE	Office of Financial Education
OIP	Office of Information Policy
OPM	Office of Personnel Management
OSA	Office of Servicemember Affairs
PII	Personally Identifiable Information
PIR	Post Implementation Review
PMO	Program Management Office
POV	Point of View
PRA	Paperwork Reduction Act
SHCP	Strategic Human Capital Plan
SORN	System of Record Notices
WAN	Wide Area Network

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## Appendix C: Audit Team

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**Dr. Peter Arena** served as co-lead evaluator for **Information Technology**. Dr. Arena is a Founding Principal of ASR Analytics and has more than 15 years of experience in information technology, program evaluation, data management, and applied econometric modeling. He has held leadership positions with major global consultancies, and is a published expert in the fields of business intelligence and application development. For the past 10 years, Dr. Arena has led a broad range of analytic studies, involving large-scale data collection, database design and integration, application development, and relational database management. He has also led large-scale evaluations of operational performance for the Department of Commerce, the Department of the Interior, and the Department of Defense.

**Edward Hau** served as co-lead evaluator for **Budget Formulation and Execution**. Mr. Hau, a Director with RSM McGladrey, has more than 23 years of global consulting experience, focused on regulatory consulting, operations, and technology risk management. He has led or managed over 40 SOX / OMB A-123 and internal audit engagements in both the commercial and public sector with a focus on IT audit readiness, risk assessment, and controls evaluation. Mr. Hau also has deep expertise in the delivery of OMB A-123, Appendix A, business process reengineering, and Federal financial management transformation services, and has helped clients yield clean opinions related to Internal Controls over Financial Reporting (ICFR).

**Michele Lebar** served as lead evaluator for **Human Capital and Organizational Development**. Ms. Lebar has more than 20 years of experience in organizational development and change management consulting, including leadership/talent development/coaching, succession planning, and performance management. Ms. Lebar's experience includes work with a variety of private sector industries, as well as extensive work with the Federal Government. Her recent work has included the design of a succession management training program for the Internal Revenue Service and the design of an organization development program for the Washington Metro Area Transit Authority. She holds a M.S. in Organizational Development from Johns Hopkins University.

**Edward Merrill** served as co-lead evaluator for **Information Technology**. Mr. Merrill, a Director with ASR Analytics, has more than 30 years of technical and program management experience in the federal government and commercial markets, specializing in IT strategic planning, ERP enhancement/integration, and infrastructure initiatives. He has managed business units and contracts in CMMI Level 3 and ISO 9000 environments, and has successfully managed multiple projects for software engineering, portal development, content management, ERP enhancement, and information assurance. Mr. Merrill has developed IT portfolio management and Software Development Life Cycle (SDLC) methodologies for large-scale program management offices, and has performed Independent Project Oversight (IPO) and IV&V engagements for both commercial and government organizations.

**Sarah Sheehan** served as co-lead evaluator for **Budget Formulation and Execution**. Ms. Sheehan, a Manager with RSM McGladrey, has more than 12 years of experience in public

sector financial consulting. Her recent work has involved leading “transition team” projects for the incoming President of Cook County, IL and the incoming Mayor of Chicago – with responsibility for streamlining budgeting and funding processes. Prior to joining McGladrey, Sarah served in the Governor’s office of the State of Illinois, where she managed the State’s American Recovery and Reinvestment Act program, with responsibility for \$14 billion in ARRA money. Previously she worked in Deloitte Consulting’s public sector practice, where she specialized in budgeting, financial management and process redesign. Sarah has also worked at the City of Chicago’s Department of Public Health as the Assistant Commissioner of Finance, managing the department’s budget and more closely aligning its financial and contractual processes.

**Michael Stavrianos** served as **Project Manager** for this performance audit. Mr. Stavrianos, a Founding Principal of ASR Analytics, has nearly 20 years of professional experience in the fields of project management, program evaluation, and requirements management. Over the past 12 years, he has managed a broad range of analytic consulting engagements for the Internal Revenue Service (IRS), including 4 years leading the development of business rules and requirements for various Business Systems Modernization programs. He has also led recent, large scale evaluations of operational performance for both the IRS and the Department of Defense. In addition, he has designed and administered customer surveys for numerous Federal agencies, and he has served as a subject matter expert on several analytical projects for the IRS. He has been credentialed as a Project Management Professional (PMP) by the Project Management Institute.

**Melissa Toledo** served as lead evaluator for **Consumer Response**. Ms. Toledo is a Senior Director of Research and Strategy with RSM McGladrey, with more than 14 years of professional experience including strategic planning, business analysis, program management, systems implementations, and market research. Her expertise in business planning and strategy implementation has achieved profound impacts on corporate efficiency and productivity. Ms. Toledo built and manages a department that uses market intelligence to better serve clients, improve competitive differentiation and maximize growth. She was instrumental in the development of the firm’s first client loyalty measurement system and has also established several firm-wide performance initiatives that have resulted in significant improvements in client-experience ratings.

**Tucker Warren** served as lead evaluator for **Communications and Transparency**. Mr. Warren, a Managing Director with Hamilton Place Strategies, is a strategic communications professional with more than a decade of experience designing, implementing and managing small and large-scale campaigns for both the public and private sector. Most recently, he directed communications for the Financial Crisis Inquiry Commission – established by Congress to examine the causes of the financial and economic crisis. He served as the day-to-day spokesperson, developed the overall communications strategy, prepared commissioners for press conferences and hearings and handled the release of the Commission’s final report. Prior to this, Mr. Warren provided crisis communications counsel, conducted audits of internal and external communications programs, and evaluated long-term communications strategies for Edelman public relations. His clients included a top-tier multinational banking corporation, a multi-billion dollar government agency, and a prestigious Ivy League university.