

Council of Inspectors General on Financial Oversight (CIGFO)
September 9, 2021
Video Conference Call
10:00 a.m.
Meeting Minutes

Council Members Present

Rich Delmar, Acting Chair, Acting Inspector General, Department of the Treasury (Treasury)
Marta Erceg, Counsel to the Inspector General, National Credit Union Administration
Jay Lerner, Inspector General, Federal Deposit Insurance Corporation (FDIC)
Carl Hoecker, Inspector General, U.S. Securities and Exchange Commission
Christy Goldsmith Romero, Inspector General, Special Inspector General for Troubled Asset Relief Program
Mark Bialek, Inspector General, Board of Governors of the Federal Reserve System (Board)/Consumer Financial Protection Bureau
Stephen Obie, Deputy Inspector General and Chief Counsel, U.S. Commodity Futures Trading Commission
Rae Oliver Davis, Inspector General, U.S. Department of Housing and Urban Development (HUD)
Phyllis Fong, Acting Inspector General, Federal Housing Finance Agency (FHFA)

Guests

Marla Freedman, Senior Audit Executive, FHFA Office of Inspector General (OIG)
James Lisle, Audit Director, FHFA OIG
Terry Gibson, Assistant Inspector General for Program Audit and Evaluations, FDIC OIG
Cynthia Hogue, Senior Advisor to Inspector General, FDIC OIG
Stacey Luck, Associate Counsel, FDIC OIG
Stephen Begg, Deputy Inspector General, HUD OIG
Christopher Fontanesi, Senior Attorney, HUD OIG
Amy Altemus, Acting Counsel to the Inspector General, Treasury OIG
Debbie Harker, Assistant Inspector General for Audit, Treasury OIG
Susan Barron, Deputy Assistant Inspector General for Audit, Treasury OIG
Andrew Berke, Senior Advisor, Treasury OIG
Jeffrey Hawkins, Audit Director, Treasury OIG
Michael Hsu, Acting Comptroller of the Currency
Larry Hattix, Senior Deputy Comptroller for Enterprise Governance and Ombudsman, and Chief Risk Officer, Office of the Comptroller of the Currency (OCC)

At 10:00 a.m. Rich Delmar, the Acting Chair, called the meeting to order and roll call was taken. He then asked for consideration of the June 22, 2021 meeting minutes and

asked if the members had any corrections or additions to the draft. None were noted. Mr. Delmar then called for a motion to approve, which was made and seconded. The minutes were approved by unanimous consent.

Mr. Delmar then introduced Mr. Michael Hsu, Acting Comptroller of the Currency. Mr. Hsu discussed what he sees as the four current priorities, or key issues, confronting OCC which may have broader implications within the CIGFO lines of oversight;

- 1) Guarding against complacency in banking – ensuring that patterns and behaviors observed in 2004 do not repeat themselves;
- 2) Pandemic related issues – what happens when Federal support programs end and how does this impact inequality in banking, and what can regulators do to address inequality issues;
- 3) Digitalization/Fintech – issues in chartering and what is the appropriate regulatory perimeter; and
- 4) Climate risk – what is the role of banking and how does climate change impact banking safety and soundness.

Ms. Cynthia Hogue, FDIC OIG, provided an update on the CIGFO Working Group (WG) Project on Forward Looking Guidance for Crisis Readiness for the Financial Stability Oversight Council (FSOC). Ms. Hogue provided a brief summary of the project and timeline of events relating to final reporting. The current version of the final report being circulated for review incorporates the FSOC written response and the CIGFO WG rebuttal comments. Mr. Jeffrey Hawkins, Treasury OIG, added that the final draft report will be returned to FSOC/Treasury to ensure there are no additional comments or areas for discussion. Afterwards, another vote to approve issuance of the final report will be conducted.

FHFA OIG presented a proposal for consideration for the next Working Group project, *Review of FSOC's and Its Member Agencies' Response to the Executive Order on Climate-Related Financial Risk*. After the presentation and some discussion, a vote was taken to approve this proposal as the next Working Group project. The project was approved by unanimous consent. FHFA OIG will co-lead the project with Treasury OIG.

Ms. Amy Altemus, Treasury OIG Acting Counsel, provided an update regarding current legislative matters. Ms. Altemus discussed the status of the fiscal year 2022 budget. The budget, if enacted as proposed, would exceed the debt limit, the statutory constraint on the amount of money that Treasury may borrow, by virtue of the issuance of Treasury Securities of varying natures, to fund federal operations. This requires a corresponding increase to the statutory debt limit. On August 8, Senator Sanders introduced a reconciliation resolution, Senate Concurrent Resolution 14, seeking to establish appropriate budgetary levels for 2022-2031 and containing directives to various legislative committees regarding getting to those points, including targets for the issuance of publicly held debt and taxation goals. It supports and enables the \$3.5 trillion required for President Biden's "Build Back Better" plan. Support for the measure is split on partisan lines; however, Speaker Pelosi has stated that the Democrats do not intend to pass it unilaterally.

Mr. Hawkins then updated the group on this year's Intelligence Community Inspector General (ICIG) report under The Cybersecurity Information Sharing Act of 2015. This year, the ICIG has prepared briefing slides that will be sent to all of the CIGFO OIGs for review. Each OIG is asked to review and submit any questions or comments which will be collected and forwarded to the ICIG for a response.

Mr. Delmar then opened up the meeting for discussion. Mr. Lerner referred to an upcoming CIGIE Conference and suggested a CIGFO presentation. Mr. Delmar agreed and will prepare talking points to send to the group.

A motion was made and seconded to adjourn and was approved by all.

The meeting adjourned at 11:00 a.m.