

**Council of Inspectors General on Financial Oversight (CIGFO)**  
**March 22, 2022**  
**Video Conference Call**  
**10:00 a.m.**  
**Meeting Minutes**

**Council Members Present**

Rich Delmar, Acting Chair, Deputy Inspector General, Department of the Treasury (Treasury)  
James Hagen, Inspector General, National Credit Union Administration  
Jay Lerner, Inspector General, Federal Deposit Insurance Corporation (FDIC)  
Rebecca Sharek, Deputy Inspector General for Audits, Evaluations, and Special Projects, U.S. Securities and Exchange Commission  
Melissa Bruce, Deputy Special Inspector General, Special Inspector General for Troubled Asset Relief Program (SIGTARP)  
Jason Derr, Counsel to the Inspector General, Board of Governors of the Federal Reserve System (Board)/Consumer Financial Protection Bureau  
Stephen Begg, Deputy Inspector General, U.S. Department of Housing and Urban Development (HUD)  
Brian Tomney, Inspector General, Federal Housing Finance Agency (FHFA) Office of Inspector General (OIG)  
Judith Ringle, Deputy Inspector General and Chief Counsel, Commodity Futures Trading Commission

**Guests**

Marla Freedman, Senior Policy Advisor, FHFA OIG  
James Lisle, Audit Director, FHFA OIG  
Terry Gibson, Assistant Inspector General for Program Audit and Evaluations, FDIC 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  
Camille Callender, Assistant Counsel, Treasury OIG

At 10:01 a.m. Rich Delmar, Acting Chair, called the meeting to order and welcomed everyone. Mr. Delmar introduced Brian Tomney and congratulated him on becoming Inspector General at FHFA. He then asked for consideration of the December 7, 2021 meeting minutes and asked if the members had any corrections or additions to the draft. FDIC OIG noted one minor change should be made. FDIC OIG and Treasury OIG will

check notes and discuss further if needed. Mr. Delmar then called for a motion to approve the minutes subject to the proposed correction, which was made and seconded. The minutes were approved by unanimous consent subject to the correction being made.

Mr. Delmar then asked for consideration of the minutes from the January 24, 2022 Principals meeting regarding reporting the resolved disagreement on the CIGFO Working Group (WG) Project on *Forward Looking Guidance for Crisis Readiness for the Financial Stability Oversight Council (FSOC)*. Discussion was had regarding the public posting of these minutes. Mr Delmar stated that is the practice of CIGFO. It was noted the minutes discuss letters and discussions among the Inspectors General and if Treasury and FSOC were aware of this. Treasury OIG noted no concerns with posting the minutes publically and stated they would let Treasury know. It was then observed that many of the Principals were not in attendance today and are being represented by delegates. It was determined that after consultation within each office, an electronic vote will be taken. Each office will confer and state whether they have any corrections or concerns regarding accuracy and if they have any issues in making the minutes public. Mr. Delmar asked that the vote today be held in abeyance and asked that the members respond electronically to resolve the issue by the end of the week.

Mr. Delmar then introduced Ms. Terry Gibson, FDIC OIG, who provided an update on the CIGFO WG Project on *Forward Looking Guidance for Crisis Readiness for the FSOC*. The WG has revised the language in the guidance document and added a footnote in accordance with an Inspectors General vote on this issue. The document was then sent to FSOC on March 14<sup>th</sup> with a response requested by March 28<sup>th</sup>. Once the response is received, it will be incorporated into the final draft and sent to the WG for one last review before sending to the Inspectors General for a final vote to issue.

Mr. James Lisle, FHFA OIG, then gave an update on the CIGFO WG project, *Review of FSOC's and Its Member Agencies' Response to the Executive Order on Climate-Related Financial Risk*. The WG has moved into fieldwork. Since the last update, the WG has finalized the audit plan and has begun to engage the FSOC member agencies. The WG also has a fieldwork kick-off meeting on February 22 and is holding bi-weekly status meetings. Once the WG begins receiving responses from the FSOC member agencies (via the CIGFO OIGs), the WG will analyze the results to identify any recurring issues or concerns in the process used by FSOC to develop the climate report. Mr. Lisle acknowledged the additional contributions of SIGTARP and FDIC OIG for assisting with outreach to some of the non-Federal FSOC members. Discussion was had on the new SEC climate-related regulations. SEC OIG is monitoring the issue and will incorporate the regulations into their approach, as needed.

Mr. Delmar then opened a discussion on the need for CIGFO to develop its own audit resolution policy going forward. He noted that Treasury has Treasury Directive 40-03 but other OIGs may use different processes. It is important that whatever is developed, that CIGFO is in agreement on the process, what triggers the process and that the

policy provides clarity on who speaks for CIGFO and FSOC in addition to what will be considered resolution. Mr. Delmar stated that it is important to start this effort and suggested that each member consider resource availability and leading this effort. Treasury OIG will support and contribute as needed. Mr. Lerner added that FDIC OIG is not in a position to volunteer but offered that the policies on how the CIGFO WG operates should be reconsidered as well. Mr. Delmar concluded that if a volunteer could let him know by the end of the week, he would be appreciative.

The next item on the agenda was the CIGFO Annual Report. Mr. Jeffrey Hawkins, Treasury OIG, introduced this year's schedule for the 2022 CIGFO Annual Report. The process and cadence is similar to that used in the prior years with a target to issue the final report by the end of July. This year's report will cover any CIGFO audits or agency work products issued between April 1, 2021 and March 31, 2022. The first milestone is for the submission of any joint CIGFO member projects that should be included with this year's report by April 22. Each CIGFO member should submit their individual submission for this year's report by May 6.

Next, Ms. Amy Altemus, Treasury OIG, discussed Executive Order 14067 (EO), *Ensuring Responsible Development of Digital Assets* and gave a presentation on the EO in addition to some basic blockchain concepts. The EO set forth a policy to explore the use of digital assets and establish a framework not only for a potential Central Bank Digital Currency (CBDC) but also for the protection of the financial system, as well as consumers, investors, and the unbanked. Among other things, the EO specifically contains at Section 6, directions to FSOC to play a role in assessing and taking steps to address risks that digital assets pose to financial stability and financial market integrity. Specifically, the EO requires the Treasury Secretary to convene FSOC and within 210 days submit to the President a report outlining the specific financial stability risks and regulatory gaps posed by various types of digital assets and providing recommendations to address such risks. Among these risks are the potential of a 'run' or cashing out of a stablecoin for its equivalent in addition to money laundering and illicit finance risks. This promises to be an interesting issue to follow. The presentation will be shared with the CIGFO members after today's meeting.

Mr. Delmar then opened up the meeting for discussion. The members discussed some additional recent articles and publications on cryptocurrencies, including CBDCs and stablecoins that others may not be aware of and may find helpful.

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

The meeting adjourned at 10:40 a.m.