

Council of Inspectors General on Financial Oversight (CIGFO)
September 13, 2023
Video Conference Call
10:00 a.m.
Meeting Minutes

Council Members Present

Rich Delmar, Acting Chair, Deputy Inspector General, Department of the Treasury
(Treasury)

Mark Bialek, Inspector General, Board of Governors of the Federal Reserve System
(Board)/Consumer Financial Protection Bureau (CFPB)

James Hagen, Inspector General, National Credit Union Administration

Melissa Bruce, Acting Inspector General, Special Inspector General for Troubled Asset
Relief Program

Dr. Brett Baker, Acting Inspector General, Commodity Futures Trading Commission
(CFTC)

Tyler Smith, Acting Inspector General, Federal Deposit Insurance Corporation (FDIC)
Office of Inspector General (OIG)

Fara Damelin, Chief of Staff, U.S. Department of Housing and Urban Development OIG

Katherine Reilly, Deputy Inspector General for Investigations (Acting), U.S. Securities
and Exchange Commission (SEC) OIG

James Lisle, Audit Director, Federal Housing Finance Agency (FHFA)

Guests

Debbie Harker, Assistant Inspector General for Audit, Treasury OIG

Susan Barron, Deputy Assistant Inspector General for Audit, Treasury OIG

Jeffrey Hawkins, Audit Director, Treasury OIG

Camille Callender, Assistant Counsel, Treasury OIG

Andrew Berke, Senior Advisor, Treasury OIG

Darren Purnell, Associate Director of Data Products, Treasury - Office of Financial
Research (OFR)

Valerie Wells, Senior Counsel, Treasury OFR

Alicia Marshall, Senior Counsel, Treasury OFR

At 10:02 a.m. Rich Delmar, Acting Chair, called the meeting to order and welcomed everyone. He then asked for consideration of the June 27, 2023 meeting minutes and asked if the members had any corrections or additions. Hearing none, Mr. Delmar then called for a motion to approve the minutes which was made and seconded. The minutes were approved by unanimous consent.

Mr. Delmar then introduced Darren Purnell who is the Associate Director of Data Products with the Treasury Office of Financial Research (OFR). OFR promotes financial stability by looking across the financial system to measure and analyze risks, perform essential research, and collect and standardize financial data. OFR was established by Dodd-Frank¹ principally to support the Financial Stability Oversight Council (FSOC) and its member agencies. Mr. Purnell spoke to the group about the Joint Analysis Data Environment or JADE. JADE is an OFR-hosted platform designed for FSOC member agencies to jointly analyze financial-stability risks. Climate-related financial risk is the first use case FSOC has identified for JADE. Mr. Purnell proceeded to discuss the concept behind JADE. JADE will provide access to data, analytic software, and high performance computing in a secure, cloud-based environment. OFR collaborated with the Federal Reserve on a Climate Data and Analytics Hub pilot program which successfully served as a proof of concept and verified OFR's abilities to support external users. The objectives of JADE will be: to provide high-powered computing, data, and analytic software in a secure environment to users from FSOC member agencies; enable users to securely share code, data, and documents to enable collaboration on topics related to financial stability; and provide system support for participating agencies' financial stability related research. Mr. Purnell explained that now that JADE is operational, OFR has begun expanding the user base and is onboarding member agencies and will continue to do so at a rate of three agencies per quarter until all FSOC member agencies have access. After some discussion, Mr. Delmar thanked OFR for attending and discussing this important platform.

The next item on the agenda was CIGFO/Government Accountability Office (GAO) coordination. Dr. Brett Baker opened the discussion and observed that often GAO and CIGFO member OIGs operate in the same oversight space and it makes sense that CIGFO and GAO would coordinate. A few members noted that it is true that GAO and the individual OIGs frequently communicate and coordinate and agreed that CIGFO should take the same approach. It was also noted that GAO has attended CIGFO meetings in the past to broadly discuss projects of interest. However, CIGFO should also engage on an Ad Hoc basis when particular projects are of specific interest. Treasury OIG explained that because of their position as CIGFO Chair and FSOC's position in Treasury, they are copied on the GAO engagement notification letters sent to the Secretary as Chair of FSOC. Going forward, Treasury OIG will forward these notifications to all of the CIGFO members. At which time, CIGFO can engage GAO on a particular project at the initiation or planning phase.

Ms. Camille Callender, Treasury OIG, then discussed H.R. 3556, the *Increasing Financial Regulatory Accountability and Transparency Act*. The bill, introduced by the House Financial Services Committee (HFSC) in May, is attempting to bolster Congressional oversight of federal banking agencies and how they supervise, resolve, and provide banks with assistance during financial turmoil. It includes provisions aimed

¹ The Dodd-Frank Wall Street Reform and Consumer Protection Act, P.L. No. 111-203 Stat. 1376, (2010).

at enhancing reporting requirements, testimony requirements, and transparency for the Federal banking agencies. A main theme throughout the proposed bill is the addition of several required communications with Congress regarding notifications and/or reports that must be made to the HFSC and the Senate Committee on Banking, Housing and Urban Affairs (“Committees”). Ms. Callender then discussed some noteworthy legislative amendments. Under Section 113 of the Dodd-Frank Act, FSOC is authorized to determine that a nonbank financial company’s material financial distress could threaten U.S. financial stability. Any such company can also have its business restricted in many ways by the Federal Reserve. If passed, the bill would require that the Federal Reserve give the Committees 60 days advance notice before imposing any such restrictions, and Congress would also have joint resolution authority to overrule FSOC’s designation of a nonbank financial company as systemically risky. Other notables include a proposal to add another independent member to FSOC who is not in the same political party as the President; the removal of FSOC’s ability to form technical or advisory committees; removal of FSOC’s authority to recommend heightened prudential standards to the Federal Reserve; and a requirement for GAO to conduct an annual audit of FSOC. The bill would also require FSOC to give Congress advance notice of any FSOC meetings or recommendations it makes to the Federal Reserve regarding systemically risky nonbank financial companies. It was noted that the bill does not include any provisions that directly impact CIGFO or any of the member OIGs. The group agreed to continue to monitor the bill’s progress this fall.

Mr. Delmar then updated the group on a Council of the Inspectors General on Integrity and Efficiency (CIGIE) Audit Excellence Award nomination. Mr. Delmar announced that the CIGFO working group that developed the *CIGFO Guidance in Preparing for and Managing Crises* was selected to receive an Audit Excellence Award. Mr. Delmar congratulated all of the members and OIG staff that worked on the project and noted that the CIGIE award ceremony is scheduled for later in the fall.

Mr. Delmar then updated the group on the request from the HFSC to review FSOC’s role in the recent bank failures and the written response CIGFO sent to the Committee. There has been no further comment from the Committee.

Mr. Delmar then opened the floor for discussion. Ms. Deborah Harker remarked that with the completion of the CIGFO Working Group *Audit of FSOC’s Efforts to Address Climate-Related Financial Risk*, a new working group topic should be considered. Treasury OIG will send a call for proposals to the members to gather some ideas for the December CIGFO meeting.

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

The meeting adjourned at 10:42 a.m.