



FDIC Office of Inspector General Office of Audits

Impact and Results

(October 2021 - September 2024)

- ★ More than **30 products issued**
- ★ More than **260 recommendations to the FDIC**

Recent Report Highlights

- ★ **FDIC's Orderly Liquidation Authority (OLA)** - FDIC made progress in implementing elements of its OLA program but has not maintained consistent focus on maturing the program or fully established key elements to execute OLA responsibilities. Made 17 recommendations.
- ★ **Sexual Harassment Prevention Program** - The FDIC has not implemented an effective sexual harassment prevention program that facilitates the reporting of sexual harassment misconduct allegations and has not always investigated and addressed allegations of sexual harassment promptly and effectively. FDIC had not sustained many improvements initiated as a result of an earlier OIG evaluation in 2020.
- ★ **Material Loss Review of First Republic Bank** - The bank's failure was caused by contagion effects stemming from the failure of other prominent financial institutions, which led to a run on deposits, significantly reducing its liquidity and exposing vulnerabilities in its business strategy. Report contains 11 recommendations intended to improve FDIC's supervision processes and its ability to apply effective forward-looking supervision and protect the Deposit insurance Fund in a changing banking environment.
- ★ **The FDIC's Purchase and Deployment of the FDIC Acquisition Management System** - FDIC's deployment of its new acquisition management system was unsuccessful because FDIC did not employ an effective change management process. FDIC managers also lacked awareness and training on when and how to implement change management. Made three recommendations to address these weaknesses and identified \$9.9 million of funds to be put to better use.
- ★ **Security Controls for FDIC's Cloud Computing Environment** - Audit determined the FDIC had not effectively implemented security controls in five key areas: Identity and Access Management, Protecting Cloud Secrets, Patch Management, Flaw Remediation, and Audit Logging. Report made seven recommendations for improvements.
- ★ **Conflicts of Interest** - We identified needed improvements to strengthen internal controls for conflicts of interest in acquisition planning and approval processes. FDIC also needed to strengthen employee knowledge of ethics laws and regulations through specialized training and enhance its financial disclosure review process.

Who We Are

The Federal Deposit Insurance Corporation (FDIC) supervises the majority of the banks in the United States (nearly 2,900); maintains the Deposit Insurance Fund of more than \$130 billion; and insures customer deposits of more than \$10.6 trillion.

The FDIC Office of Inspector General (OIG) provides strong independent oversight of the FDIC by prompting and encouraging improvements and efficiencies at the FDIC, helping to preserve the integrity of the Agency and the banking system, and to protect depositors and financial consumers.

Office of Audits

The OIG's Office of Audits conducts audits, evaluations, and reviews to examine FDIC programs and operations, assess their efficiency and effectiveness, and make recommendations to improve the Agency.

Engagements can involve:

- ★ assessing the effectiveness and efficiency of FDIC programs and operations;
- ★ assessing the FDIC's compliance with laws, regulations, and best practices;
- ★ assessing the FDIC's IT programs and information/cybersecurity;
- ★ reviewing failed banks; and
- ★ alerting management to concerns.

Standards We Follow

- ★ GAO's Government Auditing Standards (Yellow Book).
- ★ Council of the Inspectors General on Integrity and Efficiency's (CIGIE) Quality Standards for Inspection and Evaluation.
- ★ CIGIE's Quality Standards for Federal Offices of Inspector General.

What are the key steps in an Audit or Evaluation?

The Office of Audits assignment process is scalable based on the assignment type. It includes formal touch points with the OIG's executive leadership and FDIC stakeholders. Each engagement involves three phases: Planning, Fieldwork, and Reporting. Issued reports, including FDIC comments, are publicly available at www.fdicigov.gov.