

Office of Inspector General

Board of Governors of the Federal Reserve System
Consumer Financial Protection Bureau

External Peer Review Report of the Federal Deposit Insurance Corporation Office of Inspector General Audit Organization

September 9, 2025



External Peer Review Report of the Federal Deposit Insurance Corporation Office of Inspector General Audit Organization

Conducted in Washington, DC, by the
Office of Inspector General for the
Board of Governors of the Federal Reserve System and the
Consumer Financial Protection Bureau

20th Street and Constitution Avenue NW
Mail Center I-2322
Washington, DC 20551

September 9, 2025



Office of Inspector General

Board of Governors of the Federal Reserve System
Consumer Financial Protection Bureau



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Board of Governors of the Federal Reserve System
Bureau of Consumer Financial Protection

September 9, 2025

Ms. Jennifer L. Fain
Inspector General
Federal Deposit Insurance Corporation
3501 Fairfax Drive
Arlington, VA 22226

Dear Inspector General Fain:

Attached is the System Review Report of the *External Peer Review Report of the Federal Deposit Insurance Corporation Office of Inspector General Audit Organization*. We completed this review in accordance with *Government Auditing Standards*, issued by the comptroller general of the United States, and the Council of the Inspectors General on Integrity and Efficiency's *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*. Your response to the report is included in appendix B.

We appreciate the cooperation and courtesies extended to our staff during the review.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Horowitz", with a stylized flourish at the end.

Michael E. Horowitz
Inspector General



System Review Report

We have reviewed the system of quality control for the audit organization of the Federal Deposit Insurance Corporation (FDIC) Office of Inspector General in effect for the period ended March 31, 2025. A system of quality control encompasses an organization's structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming in all material respects with *Government Auditing Standards*, issued by the comptroller general of the United States, and applicable legal and regulatory requirements.¹ The elements of quality control are described in *Government Auditing Standards*.

In our opinion, the system of quality control for the audit organization of the FDIC OIG in effect for the period ended March 31, 2025, has been suitably designed and followed to provide the FDIC OIG with reasonable assurance of performing and reporting in a manner consistent with applicable professional standards and applicable legal and regulatory requirements in all material respects.

Audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. We assign the FDIC OIG a *pass* rating for this review.

In addition to reviewing the system of quality control to ensure adherence with *Government Auditing Standards*, we applied certain limited procedures in accordance with guidance established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE) related to the FDIC OIG's monitoring of engagements conducted in accordance with generally accepted government auditing standards (GAGAS) by independent public accountants (IPAs) under contract for which the IPA served as the auditor. It should be noted that the monitoring of a GAGAS engagement performed by an IPA is not an audit and, therefore, is not subject to the requirements of *Government Auditing Standards*. Our limited procedures determined whether the FDIC OIG had controls to ensure that the IPA performed the contracted work in accordance with professional standards. However, our objective was not to express an opinion; accordingly, we do not express an opinion on the FDIC OIG's monitoring of work performed by the IPA.

We have issued a letter dated September 9, 2025, that outlines our findings and observations that were not considered to be of sufficient significance to affect our opinion as expressed in this report.

Basis of Opinion

We conducted our review in accordance with *Government Auditing Standards* and CIGIE's *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*. During our review, we interviewed FDIC OIG personnel and obtained an understanding of the nature of the FDIC OIG audit organization and the design of the FDIC OIG's system of quality control to an extent sufficient to assess the risks implicit in its audit function.² Based on our assessments, we selected two GAGAS engagements issued during our scope period and the associated administrative files to test for conformity

¹ The applicable standards for our 3-year peer review period are contained in *Government Auditing Standards*, issued July 2018 (updated April 2021).

² FDIC OIG employees completed questionnaires.

with professional standards and compliance with the FDIC OIG's system of quality control. The GAGAS engagements we selected represented a reasonable cross-section of the FDIC OIG audit organization.

In performing our review, we obtained an understanding of the system of quality control for the FDIC OIG audit organization. We used discretion to design our testing approach to assess compliance with the FDIC OIG's quality control policies and procedures.³ These tests covered the application of the FDIC OIG's policies and procedures on the selected GAGAS engagements. Our review was based on selected tests; therefore, it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it.

Before concluding the peer review, we reassessed the adequacy of the scope of the peer review procedures and met with FDIC OIG management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion. Appendix A to this report identifies the reports that we selected for review and the relevant FDIC OIG office that performed the work.

Responsibilities and Limitation

The FDIC OIG established and maintained a system of quality control designed to provide it with reasonable assurance that the organization and its personnel comply in all material respects with professional standards and applicable legal and regulatory requirements. We express an opinion about the design of the FDIC OIG's system of quality control and the FDIC OIG's compliance, based on our review.

The effectiveness of any system of quality control has inherent limitations; therefore, noncompliance with the system of quality control may occur and may not be detected. Projecting any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changed circumstances or because the degree of compliance with the policies or procedures may evolve.

³ We incorporated certain procedures in our testing, for example, those related to indexing and referencing.



Appendix A: Scope and Methodology

We used discretion to design our testing of the FDIC OIG audit organization’s system of quality control. These tests included a review of two engagement reports conducted in accordance with GAGAS and issued from April 1, 2023, through March 31, 2025. We also reviewed the related internal quality control reviews performed by the FDIC OIG.

In addition, we reviewed the FDIC OIG’s monitoring of a GAGAS engagement that was performed by an IPA in which the IPA served as the auditor and was conducted during the April 1, 2023, through March 31, 2025, time frame. Specifically, we selected for review the 2023 audit of the FDIC’s information security program, conducted by an IPA contractor for the FDIC OIG, from among other engagements that were performed by an IPA in accordance with GAGAS.

We corresponded with the FDIC OIG office located in Arlington, Virginia.

Reviewed FDIC OIG GAGAS Engagement

Report no.	Report date	Report title
AUD-23-003	July 25, 2023	<i>The FDIC’s Adoption of Cloud Computing Services</i>
AEC Memorandum No. 24-01	December 20, 2023	<i>The FDIC’s Regional Service Provider Examination Program</i>

Reviewed Monitoring Files of the FDIC OIG for IPA-Contracted GAGAS Engagement

Report no.	Report date	Report title
AUD-2023-004	September 25, 2023	<i>The Federal Deposit Insurance Corporation’s Information Security Program — 2023</i>

Appendix B: Management Response



Federal Deposit Insurance Corporation
Office of Inspector General

August 11, 2025

Honorable Michael E. Horowitz
Inspector General
Board of Governors of the Federal Reserve System and
Consumer Financial Protection Bureau
20th Street and Constitution Ave, NW
Mail Center I-2322
Washington, DC 20551

Dear Inspector General Horowitz:

We appreciate the opportunity to comment on the draft System Review Report on the system of quality control for the audit organization of the Federal Deposit Insurance Corporation Office of Inspector General in effect for the year ended March 31, 2025.

We are pleased that your independent review resulted in a *Pass* rating and with your conclusion that our system of quality control provides reasonable assurance of conforming in all material respects with Government Auditing Standards.

We thank the peer review team for the professionalism that they demonstrated during this review.

If you have any questions, please do not hesitate to contact me at (703) 562-2035.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jennifer L. Fain".

Jennifer L. Fain
Inspector General

Contact Information

General

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