



# FDIC Office of Inspector General • Audits, Evaluations, and Cyber



## Impact and Results

(October 2021 - March 2024)

- ★ More than **25 products issued**
- ★ More than **220 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.
- ★ **FDIC Efforts to Increase Consumer Participation in the Insured Banking System** - FDIC's Economic Inclusion Strategic Plan (EISP) aligned with several best practices, but effectiveness of future EISPs could be enhanced. Made 14 recommendations to increase consumer participation and strengthen future EISPs.
- ★ **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.
- ★ **FDIC Security Controls Over Windows Active Directory** - Seven controls ineffective: Password Management, Account Configuration, Access Management, Privileged Account Management, Windows Operating System Maintenance, Policies and Procedures, Audit Logging and Monitoring. Made 15 recommendations.
- ★ **FDIC Strategies Related to Crypto-Asset Risks** - FDIC had started to develop and implement strategies to address the risks posed by crypto assets but had not assessed the significance and potential impact of the risks. FDIC's process for providing supervisory feedback on FDIC-supervised institutions' crypto-related activities was also unclear. Made two recommendations to enhance FDIC's strategies in these areas.

## Who We Are

The Federal Deposit Insurance Corporation (FDIC) supervises the majority of the banks in the United States (more than 2,900); maintains the Deposit Insurance Fund of more than \$121 billion; and insures customer deposits of more than \$10 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, Evaluations, and Cyber

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

AEC 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 AEC 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.fdicigoig.gov](http://www.fdicigoig.gov).