



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

August 27, 2014

Hon. Christy L. Romero  
Special Inspector General  
for the Troubled Asset Relief Program  
1801 L Street, NW, 4<sup>th</sup> Floor  
Washington, D.C. 20036

Re: Treasury Response to SIGTARP Draft Interim Audit Letter

Dear Ms. Romero:

I write in response to your Draft Interim Audit Letter (Draft) related to the Department of the Treasury's (Treasury) Use of Capital Surveys in the Office of Financial Stability's (OFS) Troubled Asset Relief Program (TARP). To date, taxpayers have recovered approximately \$226 billion on the \$204.5 billion originally invested through TARP's bank programs, including the Capital Purchase Program (CPP) and the Community Development Capital Initiative (CDCI). We appreciate the insights of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP), and we thank you for the opportunity to review the Draft letter. This letter provides our official response.

Treasury is committed to determining the effectiveness of all OFS programs, including that of CPP and CDCI. To this end, Treasury collects and reviews information from different sources, including the annual Use of Capital Survey. The purpose of the Use of Capital Survey is to obtain insight into the lending, financial intermediation, and capital building activities of all recipients of government investment through CPP and CDCI funds. This survey is designed to capture representative information of CPP and CDCI fund usage without imposing burdens on institutions, especially smaller community banks and Community Development Financial Institutions.

We typically send the annual surveys to the applicable CPP and CDCI institutions early in the year. We monitor the responses as they come in to Treasury, and we follow-up with institutions that do not respond. To maximize transparency in our programs, we post the survey responses — as well as summaries and financial data tables — to our website each year, usually in June.

Thus far, we have reformatted the responses before posting to our website so that the information cannot be manipulated by a third-party once posted online. In addition, we provide a summary of the results, which sometimes requires additional formatting. For example, where an institution provides a narrative response but does not check the corresponding survey box, our summary nevertheless reflects that the institution responded (whereas an unchecked box with no narrative response would be reflected as a non-response in our summary). We have provided SIGTARP past survey responses, as well as our written policies and procedures, and multiple narrative descriptions of our process.

The Draft letter includes six recommendations designed to improve the efficiency and accuracy of our processes for the Use of Capital Survey. We generally agree with each of the recommendations contained in the Draft letter, and we have already begun to implement many of them. We look forward to keeping SIGTARP apprised of our work in those areas.

Thank you for bringing to our attention different ways to improve our processes, and we appreciate the opportunity to review the Draft letter.

Sincerely,

A handwritten signature in cursive script, reading "Timothy J. Bowler". The signature is written in black ink and is positioned above the printed name.

Timothy J. Bowler  
Deputy Assistant Secretary  
Office of Financial Stability