

Consumer Financial Protection Bureau

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# Independent Accountants' Report on the CFPB's Fiscal Year 2025 Compliance with the Payment Integrity Information Act of 2019



**Office of Inspector General**

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



# Introduction

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We contracted with Brown & Company CPAs and Management Consultants, PLLC, to audit the Consumer Financial Protection Bureau’s compliance with the Payment Integrity Information Act of 2019 for the Civil Penalty Fund for fiscal year 2025.

The contract requires the audit to be performed in accordance with the auditing standards applicable to performance audits contained in *Government Auditing Standards*, issued by the comptroller general of the United States. We reviewed and monitored the work of Brown & Company to ensure compliance with the contract and *Government Auditing Standards*.

Brown & Company is responsible for the accompanying report, *Consumer Financial Protection Bureau Civil Penalty Fund’s Audit Report—Independent Accountants’ Report on Compliance with the Payment Integrity Information Act of 2019 for Fiscal Year 2025*.

**2025 Consumer Financial Protection Bureau Civil Penalty Fund's Audit  
Report**

**Independent Accountants' Report on Compliance with the  
Payment Integrity Information Act of 2019 For Fiscal Year 2025**

**May 11, 2026**

**Prepared By  
Brown & Company CPAs and Management Consultants, PLLC**

**NOTICE – THIS REPORT IS FOR RESTRICTED OFFICIAL USE**



**BROWN & COMPANY**

CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS, PLLC

**To:** Office of Inspector General  
Board of Governors of the Federal Reserve System and the  
Consumer Financial Protection Bureau

**From:** Brown & Company CPAs and Management Consultants, PLLC

**Subject:** Memo to Transmit the *Consumer Financial Protection Bureau Civil Penalty Fund's Audit Report, Independent Accountants' Report on Compliance with the Payment Integrity Information Act of 2019 for Fiscal Year 2025*

**Date:** May 11, 2026

Brown & Company CPAs and Management Consultants, PLLC (Brown & Company) was engaged to perform a performance audit of the Consumer Financial Protection Bureau's (CFPB) compliance with the *Payment Integrity Information Act of 2019* (PIIA), for Fiscal Year 2025 as required by the Act. This memo serves as the transmittal memo to the Office of Inspector General for the Board of Governors of the Federal Reserve System and the Consumer Financial Protection Bureau.

It was a pleasure working with the Office of Inspector General as well as the CFPB who provided the information for the audit.

**Consumer Financial Protection Bureau Civil Penalty Fund’s Audit Report**

**Independent Accountants’ Report on Compliance with the  
Payment Integrity Information Act of 2019 (PIIA)  
For Fiscal Year 2025**

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**Consumer Financial Protection Bureau Civil Penalty Fund’s Audit Report Independent Accountants’ Report on Compliance with the Payment Integrity Information Act of 2019 For Fiscal Year 2025**

**Background**

On March 2, 2020, the President signed into law the *Payment Integrity Information Act of 2019*, Pub. L. No. 116-117 (PIIA) (also referred to as the “Act”). This Act largely reorganizes the various requirements that previously were found in the *Improper Payments Information Act of 2002*, the *Improper Payments Elimination and Recovery Act of 2010*, and the *Improper Payments Elimination and Recovery Improvement Act of 2012*. The new law repeals all three of these laws and replaces them with a consolidated framework found at 31 U.S.C. §§ 3351-58.<sup>1</sup> The Act contains additional requirements for the Consumer Financial Protection Bureau (CFPB). The requirements will be taken into consideration during the audit of the CFPB’s compliance with the PIIA for fiscal year 2025 (FY 2025).

The PIIA requires agency heads to periodically review all programs and activities that the head of the executive agency administers; and identify all programs and activities with outlays exceeding the statutory threshold dollar amount that may be susceptible to significant improper payments.<sup>2</sup> The term significant means that in the preceding fiscal year, the sum of a program or activity’s improper payment(s) may have exceeded either (1) \$10 million of all program or activity payments made during that fiscal year, and 1.5 percent of program outlays, or (2) \$100 million.<sup>3</sup>

In addition, PIIA requires that each fiscal year, the Inspector General of each agency determine and report on whether the agency complies with PIIA.<sup>4</sup> Compliance is defined by PIIA to mean that the agency has done the following:

1. Published improper payments information with the annual financial statement of the executive agency for the most recent fiscal year; and posted on the website of the executive agency that statement and any accompanying materials required under guidance of the Office of Management and Budget (OMB);
2. Conducted a program specific risk assessment for each program or activity that conforms with the requirements under section 3352(a), if required;
3. Published improper payments estimates for all programs and activities identified under section 3352(a) in the accompanying materials to the annual financial statement, if required;
4. Published programmatic corrective action plans prepared under section 3352(d) that the executive agency may have in the accompanying materials to the annual financial statement, if required;
5. Published improper payments reduction targets established under section 3352(d) that the executive agency may have in the accompanying materials to the annual financial statement for each program or activity assessed to be at risk, and has demonstrated improvements and developed a plan to meet the reduction targets, if required; and
6. Reported an improper payment rate of less than 10 percent for each program and activity for which an estimate was published under section 3352(c), if required.<sup>5</sup>

<sup>1</sup>Chapter 33 of Title 31, United States Code, is amended by adding “Subchapter IV—Improper Payments,” and repealing the Improper Payments Information Act of 2002, Improper Payments Elimination and Recovery Act of 2010, and Improper Payments Elimination and Recovery Improvement Act of 2012.

<sup>2</sup>The statutory threshold is \$10,000,000 of all reported program or activity payments of the executive agency made during that fiscal year and 1.5 percent of program outlays. 31 U.S.C. §§ 3352(a)(1)(B).

<sup>3</sup>31 U.S.C. § 3352(a)(3)(A).

<sup>4</sup>31 U.S.C. § 3353(a)(1).

<sup>5</sup>31 U.S.C. § 3351(2).

Based on these statutory criteria, if an agency does not meet one or more of these requirements, as applicable, it is not compliant with PIIA.

## **Objective**

The objective of this audit was to determine whether the CFPB complied with PIIA for FY 2025. We assessed the CFPB's compliance with the reporting requirements set forth in PIIA.

## **Scope and Methodology**

Our audit scope covered the time period October 1, 2024, through September 30, 2025. To determine the CFPB's compliance with PIIA for FY 2025 we:

1. Used a combination of the requirements in *OMB Circular A-123, Appendix C, Requirements for Payment Integrity Improvement*, M-24-02, (July 29, 2024), *OMB Circular A-136 Financial Reporting Requirements*, (July 14, 2025), and *Council of Inspectors General on Integrity and Efficiency (CIGIE) Guidance for Payment Integrity Information Act Compliance Reviews* (November 2025).
2. Reviewed the CFPB's *Financial Report of the Consumer Financial Protection Bureau, Fiscal Year 2025* (Financial Report) and accompanying materials.
3. Reviewed the CFPB's risk assessment of the Civil Penalty Fund and other pertinent documentation.
4. Interviewed CFPB officials responsible for the oversight of the Civil Penalty Fund and the PIIA reporting process.
5. Concluded whether the CFPB met each of the six PIIA compliance requirements for the Civil Penalty Fund.

We conducted our fieldwork from July 23, 2025, through May 11, 2026 in Greenbelt, MD. We conducted this performance audit in accordance with U.S. Government Accountability Office, *Generally Accepted Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

## **PIIA's Applicability to the CFPB**

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) established two funds related to the programs and operations of the CFPB: The Bureau Fund and the Consumer Financial Civil Penalty Fund (Civil Penalty Fund). The CFPB's operations are funded principally by transfers made by the Board of Governors of the Federal Reserve System. The funds that are transferred from the Federal Reserve System are deposited into the Bureau Fund. The Dodd-Frank Act provides that funds obtained by or transferred to the Bureau Fund are not to be construed as government funds or appropriated monies; therefore, the CFPB has determined that the Bureau Fund is not subject to PIIA.

The CFPB also maintains a separate fund, the Civil Penalty Fund, into which the CFPB deposits the civil penalties it collects in judicial and administrative actions for violations of federal consumer financial law. Funds in the Civil Penalty Fund may be used for payments to the victims of activities for which the civil penalties have been imposed. To the extent that such victims cannot be located, or such payments are otherwise not practicable, the CFPB may use funds in the Civil Penalty Fund for the purpose of consumer education and financial literacy programs. According to the Civil Penalty Fund rule, funds in the Civil Penalty Fund may also be used for administrative costs associated with making payments to Civil Penalty Fund victims. Because the Dodd-Frank Act is silent on whether funds in the Civil Penalty Fund should be construed as government funds or appropriated monies, the CFPB has determined that the Civil Penalty Fund is subject to PIIA. Therefore, the CFPB is required to conduct a periodic risk assessment of the Civil Penalty Fund at least once every three fiscal years. The CFPB reported \$2,077,042,784 in distributions of Civil Penalty Fund monies to harmed consumers for fiscal year 2025 in its Financial Report.

### **The CFPB’s Compliance with Applicable Requirements of PIIA**

We determined that the CFPB complied with the applicable requirements of PIIA for FY 2025 for the Civil Penalty Fund. Specifically, we found that the CFPB met the first two requirements by (1) publishing an annual financial statement for the most recent fiscal year and posting that report and any accompanying materials on the agency website and (2) conducting a program-specific risk assessment for the Civil Penalty Fund. The other four requirements are not applicable to the Civil Penalty Fund, as the CFPB has determined that the Fund is not susceptible to significant improper payments. The results of our review, by requirement, are detailed below in our Summary of Results.

### **Summary of Results**

**1. Did the CFPB publish improper payments information with the annual financial statement for the most recent fiscal year and post that report and any accompanying materials required by the Office of Management and Budget on the agency website?**

The CFPB complied with this requirement by publishing on the agency’s website its Financial Report and accompanying materials required by the OMB, dated February 6, 2026, as required by PIIA.

**2. Did the CFPB conduct a risk assessment for each program or activity that conformed with section 3352(a) of PIIA (if required)?**

The CFPB complied with the requirement to conduct a program-specific risk assessment every three years for the Civil Penalty Fund. The agency performed a risk assessment one year ago in FY 2024 that showed that the risk of improper payments for the Civil Penalty Fund is low. The 2024 risk assessment considered the eleven applicable risk factors that may make a program or activity susceptible to significant improper payments.<sup>6</sup>

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<sup>6</sup>The eleven risk factors are:

1. Whether the program or activity is new to the agency;
2. The complexity of the program or activity reviewed;
3. The volume of payments made through the program or activity reviewed;
4. Whether payments or payment eligibility decisions are made outside of the agency, such as by a State or local government;
5. Recent major changes in program funding, authorities, practices, or procedures;
6. The level, experience, and quality of training for personnel responsible for making program eligibility determinations or certifying the payments are accurate;
7. Significant deficiencies in the audit report of the agency or other relevant management findings that might hinder accurate payment certification;
8. Similarities to other programs or activities that have reported improper payment estimates or been deemed susceptible to significant improper

In addition, for FY 2025, the CFPB determined that the risk of improper payments is low based on the following:

1. The current internal control framework around the Civil Penalty Fund, which is reviewed by the CFPB's Internal Control Team annually.
2. The Civil Penalty Fund post-payment audit reviews, which are conducted by the Contracting Officer's Representative and Fund Administrator within a quarter after distributions are made.
3. The FY 2025 risk assessment conducted by the CFPB and the Bureau of Fiscal Service (BFS), based on FY 2024 disbursements, did not identify improper payments.<sup>7</sup>

**3. Did the CFPB publish improper payment estimates for all programs and activities identified as susceptible to significant improper payments under section 3352(a) of PIIA in the accompanying materials to the annual financial statement (if required)?**

This requirement is not applicable. The CFPB determined that the Civil Penalty Fund is not susceptible to significant improper payments.

**4. Did the CFPB publish programmatic corrective action plans under section 3352(d) of PIIA that the agency may have in the accompanying materials to the annual financial statement (if required)?**

This requirement is not applicable. The CFPB determined that the Civil Penalty Fund is not susceptible to significant improper payments.

**5. Has the CFPB published improper payments reduction targets under section 3352(d) of PIIA that the agency may have, in the accompanying materials to the annual financial statement for each program, assessed to be at risk (if required)?**

This requirement is not applicable. The CFPB determined that the Civil Penalty Fund is not susceptible to significant improper payments.

**6. Did the CFPB report an improper payment rate of less than 10 percent for each program and activity for which an improper payment estimate was obtained and published under section 3352(c) of PIIA?**

This requirement is not applicable. The CFPB determined that the Civil Penalty Fund is not susceptible to significant improper payments.

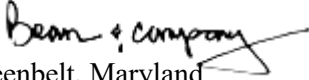
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payments;

9. The accuracy and reliability of improper payment estimates previously reported for the program or activity, or other indicator of potential susceptibility to improper payments identified by the Inspector General of the executive agency, the Government Accountability Office, other audits performed by or on behalf of the Federal, State, or local government, disclosures by the executive agency, or any other means;
  10. Whether the program or activity lacks information or data systems to confirm eligibility or provide for other payment integrity needs; and
  11. The risk of fraud as assessed by the executive agency under the Standards for Internal Control in the Federal Government published by the Government Accountability Office (commonly known as the 'Green Book').
7. The Bureau of the Fiscal Service (BFS) is a federal government agency which assists other U.S. Government Agencies including the Consumer Financial Protection Bureau with accounting, financing, collections, payments, and other shared services. The BFS makes disbursements of funds on behalf of the CFPB and as a result conducts their own risk assessment annually.

## Audit Results Meeting

Brown & Company provided the CFPB's management with a draft of this report, for review and comment. The audit results meeting was held on March 31, 2026. The CFPB's management stated that they concur with the content of the report.



Greenbelt, Maryland

May 11, 2026