



# ***Executive Summary:*** **The CFPB's Civil Penalty Fund Is in Compliance With the Improper Payments Information Act of 2002, as Amended**

2016-FMIC-C-007

May 2, 2016

## **Purpose**

The Improper Payments Information Act of 2002 (IPIA), as amended, requires agency heads to periodically review and identify all programs and activities that may be susceptible to significant improper payments. The Consumer Financial Protection Bureau (CFPB) determined that the Consumer Financial Civil Penalty Fund (Civil Penalty Fund) is subject to IPIA. Our objective was to determine whether the CFPB is in compliance with the act.

## **Background**

The Civil Penalty Fund contains money that the CFPB collects from judicial and administrative actions against people or companies that violate federal consumer financial law. Funds may be used to pay victims or for consumer education, financial literacy programs, and program administration costs. For fiscal year 2015, total disbursements from the Civil Penalty Fund for program activities were approximately \$24 million.

According to IPIA statutory guidance, if an agency fails to meet any one of six requirements, that agency is not compliant with IPIA.

## **Results of Audit**

We determined that the CFPB fully complied with the two applicable requirements of IPIA for fiscal year 2015 as they relate to the Civil Penalty Fund.

First, IPIA requires agencies to publish an annual financial statement for the most recent fiscal year and post that report on the agency's website. The CFPB complied with this requirement by publishing its [\*Financial Report of the Consumer Financial Protection Bureau, Fiscal Year 2015\*](#) on November 16, 2015.

Second, IPIA requires agencies to complete a program-specific risk assessment every three fiscal years to evaluate whether their programs may be susceptible to improper payments. The CFPB complied with this requirement by conducting a risk assessment of the Civil Penalty Fund in fiscal year 2014 and determined that the risk of improper payments of the Civil Penalty Fund was low.

We determined that the remaining four IPIA requirements were not applicable.