

Consumer Financial Protection Bureau

The CFPB Effectively Monitors Consumer Complaints but Can Enhance Certain Processes



Office of Inspector General

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



Office of Inspector General

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

Executive Summary, 2024-MO-C-016, June 24, 2024

The CFPB Effectively Monitors Consumer Complaints but Can Enhance Certain Processes

Findings

The Consumer Financial Protection Bureau's Office of Consumer Response generally followed its processes for reviewing and monitoring the timeliness, accuracy, and completeness of company responses to consumer complaints. For each year we reviewed, Consumer Response (1) used a risk-based approach to select companies for review and prioritized companies with the most consumer complaints, (2) followed its processes for sampling consumer complaints from selected companies and conducting quality assurance reviews, and (3) met its annual Government Performance and Results Act Modernization Act performance goal to review the response performance of at least 85 percent of the companies with more than 250 annual complaints. Consumer complaint volume increased significantly from 2019 to 2022, and the risk-based processes used by Consumer Response enabled its company monitoring team to scale up its review of company responses.

Consumer Response's company monitoring teams generally followed the office's procedures for documenting their review of company responses to consumer complaints in assessment questionnaires; however, 6.5 percent of the assessment questionnaires completed from 2019 through 2022 had incomplete determination finding fields. Consumer Response can strengthen controls to ensure that all required fields are consistently completed.

Consumer Response has piloted the distribution to companies of discretionary company-specific reports that provide information about their complaint handling and response performance. Consumer Response's pilot process for issuing company-specific reports lacked measurable objectives, a completion date, and formal written guidance. In addition, Consumer Response did not develop a procedure to periodically evaluate the pilot process. To effectively measure the pilot process's success, Consumer Response should finalize objectives and conduct periodic monitoring; developing formal guidance will help Consumer Response establish a repeatable process.

Recommendations

This report contains three recommendations designed to enhance Consumer Response's processes for issuing company-specific reports on response performance. In its response to our draft report, Consumer Response concurs with our recommendations and outlines actions to address them. We will follow up to ensure that the recommendations are fully addressed.

Purpose

We conducted this audit to assess the effectiveness of Consumer Response's processes for reviewing and monitoring the timeliness, accuracy, and completeness of company responses to consumer complaints in accordance with its established directives and procedures. To accomplish our objective, we reviewed Consumer Response's directives and procedures for reviewing and monitoring company responses to consumer complaints.

Background

Collecting, investigating, and monitoring consumer complaints about consumer financial products and services is a primary function of the CFPB. To address a statutory mandate, Consumer Response monitors consumer complaints to companies. Consumer Response company monitoring teams review company responses and assess whether those responses timely, accurately, and completely address a complaint.



Recommendations, 2024-MO-C-016, June 24, 2024

The CFPB Effectively Monitors Consumer Complaints but Can Enhance Certain Processes

Finding 1: Consumer Response Generally Followed Its Processes for Reviewing and Monitoring Company Responses to Consumer Complaints

Number	Recommendation	Responsible office
No recommendations.		

Finding 2: Consumer Response Should Ensure Consistent Documentation of Company Response Performance

Number	Recommendation	Responsible office
No recommendations.		

Finding 3: Consumer Response Can Strengthen Its Processes for Issuing Company-Specific Reports on Response Performance

Number	Recommendation	Responsible office
1	Finalize measurable objectives and establish a completion date for the company-specific reports pilot process.	Division of Consumer Response and Education
2	Establish written guidance for issuing company-specific reports.	Division of Consumer Response and Education
3	Periodically monitor the company-specific reports pilot process to measure its effectiveness in improving company responsiveness.	Division of Consumer Response and Education



Office of Inspector General

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

MEMORANDUM

DATE: June 24, 2024

TO: Christopher Johnson
Associate Director, Division of Consumer Response and Education
Consumer Financial Protection Bureau

FROM: Michael VanHuysen *Cynthia Gray for*
Associate Inspector General for Audits and Evaluations

SUBJECT: OIG Report 2024-MO-C-016: *The CFPB Effectively Monitors Consumer Complaints but Can Enhance Certain Processes*

We have completed our report on the subject audit. We conducted this audit to assess the effectiveness of the Consumer Financial Protection Bureau Office of Consumer Response's processes for reviewing and monitoring the timeliness, accuracy, and completeness of company responses to consumer complaints in accordance with its established directives and procedures.

We provided you with a draft of our report for review and comment. In your response, you concur with our recommendations and outline actions that have been or will be taken to address them. We have included your response as appendix B to our report.

We appreciate the cooperation that we received from Consumer Response. Please contact me if you would like to discuss this report or any related issues.

cc: Jan Singelmann
Darian Dorsey
Adam Martinez
Jean Chang
Marianne Roth
Richard Austin
Ashley Adair



Contents

Introduction	6
Objective	6
Background	6
Office of Consumer Response	6
Consumer Complaint Process	6
Consumer Complaint Volume, 2019–2022	7
Key Processes and Directives for Reviewing and Monitoring Consumer Complaints	8
 Finding 1: Consumer Response Generally Followed Its Processes for Reviewing and Monitoring Company Responses to Consumer Complaints	 11
Management Response	12
 Finding 2: Consumer Response Should Ensure Consistent Documentation of Company Response Performance	 13
Consumer Response Should Develop System Controls for All Required Fields	13
Management Actions	14
Management Response	14
 Finding 3: Consumer Response Can Strengthen Its Processes for Issuing Company-Specific Reports on Response Performance	 15
Consumer Response Should Finalize Measurable Objectives, Establish Formal Written Guidance, and Periodically Evaluate Its Company-Specific Reports Issuance Pilot Process	15
Recommendations	16
Management Response	16
OIG Comment	17
 Appendix A: Scope and Methodology	 18
 Appendix B: Management Response	 20
 Abbreviations	 24



Introduction

Objective

The objective of this audit was to assess the effectiveness of the Consumer Financial Protection Bureau Office of Consumer Response's processes for reviewing and monitoring the timeliness, accuracy, and completeness of company responses to consumer complaints in accordance with its established directives and procedures. Our scope focused on Consumer Response's processes for reviewing and monitoring company responses to consumer complaints and issuing company-specific reports about their response performance. We reviewed consumer complaints and company responses submitted from January 2019 through December 2022.

To accomplish our objective, we reviewed Consumer Response's directives and procedures for reviewing and monitoring company responses to consumer complaints. We interviewed Consumer Response officials to obtain an understanding of the office's company monitoring processes. We also reviewed and analyzed Consumer Response's company monitoring data from 2019 to 2022. Additional details on our scope and methodology are in appendix A.

Background

In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act, collecting, investigating, and responding to consumer complaints is a primary function of the CFPB. Under the authority granted by the Dodd-Frank Act, the CFPB began its Consumer Response operations in 2011, the same year the agency was established. Consumer Response receives complaints from consumers about the challenges they face in the financial marketplace, alerts companies to those concerns, and monitors company responses. Additionally, in accordance with its reporting requirements, the CFPB publishes a Consumer Response annual report, which details the complaints received from January 1 through December 31 of the prior year.¹

Office of Consumer Response

Consumer Response is an office within the CFPB's Division of Consumer Response and Education. Consumer Response analyzes complaint data to inform the CFPB's data-driven approach to regulating consumer financial products and services, identifying trends, and detecting possible instances of consumer harm. Consumer Response's Investigations section manages the consumer complaint review process and monitors company responses to consumer complaints.

Consumer Complaint Process

The consumer complaint process begins with the CFPB receiving a complaint from a consumer through its website, by telephone, by mail, or by referral. Complaints include information provided by the consumer:

¹ The report analyzes information about complaint numbers and complaint types and includes information about complaint resolution.

the consumer financial product or service concerned, the category that best describes the issue, and the subject company, as well as a complaint narrative describing the issue and the desired resolution. Once received, the complaint proceeds through several steps designed to help the consumer receive a timely response to their complaint (figure 1).

Figure 1. Consumer Complaint Process



Source: The CFPB's 2022 Consumer Response annual report.

When responding through the secure portal, companies select a response category; the substantive response choices are *in progress*, *closed with explanation*, *closed with monetary relief*, and *closed with non-monetary relief*.²

The CFPB's documented expectations for company responses involve three elements: (1) timeliness—the company should provide a response within 15 calendar days of the complaint being sent to the company;³ (2) accuracy—the company selects the most appropriate response category; and (3) completeness—the company must address every concern raised by the consumer and provide any relevant documentation.

The CFPB publishes the subject and date of the complaint and the company's response category selection, omitting any personal information, in the Consumer Complaint Database on its website. Complaints are published after the company responds or within 15 days of the CFPB sending a complaint to the company, whichever comes first. If the complainant consents, the CFPB also publishes the complaint narrative after removing the consumer's personal information.

Within 60 days from the date the company responds, the consumer can provide feedback on the response by completing an optional survey. This survey gives the consumer the option to provide both positive and constructive feedback. This feedback is made available to the company through the secure portal.

Consumer Complaint Volume, 2019–2022

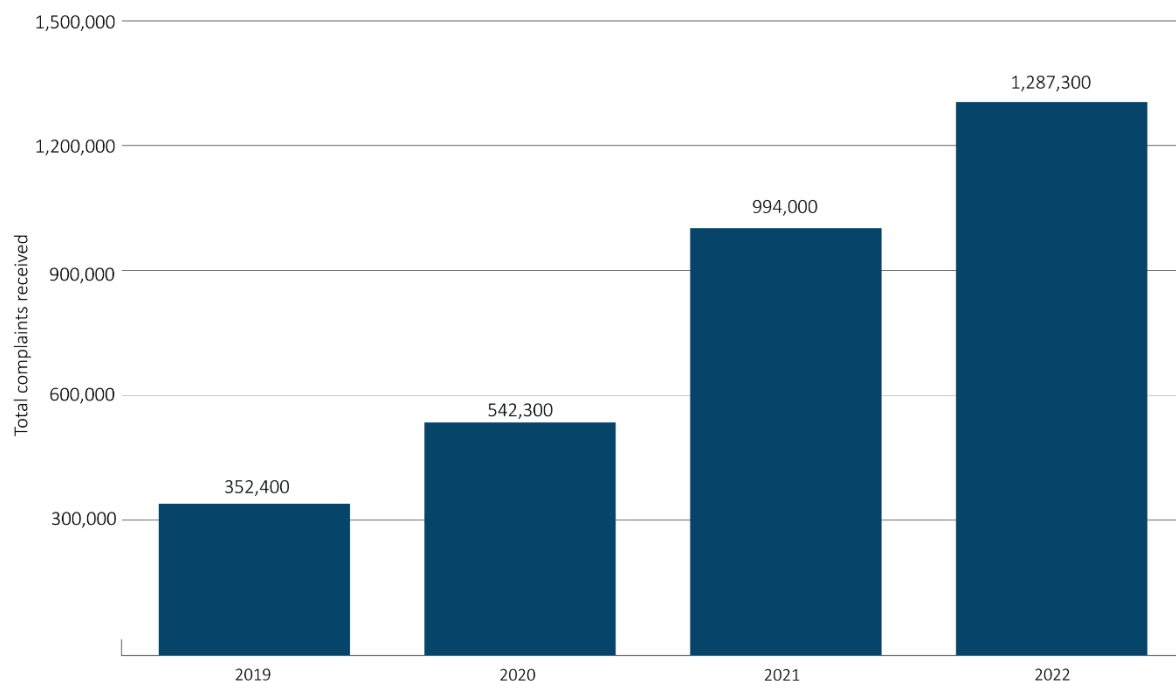
The number of consumer complaints submitted to the CFPB has grown significantly since 2019 (figure 2). Complaints increased by 53.9 percent from 2019 to 2020, by 83.3 percent from 2020 to 2021, and by 29.5 percent from 2021 to 2022. Complaints related to credit or consumer reporting accounted for much

² Administrative responses that companies may select include *alerted CFPB*, *duplicate CFPB complaint reported*, *incorrect company*, and *sent to regulator*.

³ If a complaint cannot be closed within this time frame, the company is responsible for providing an interim explanation to the consumer and to the CFPB and a final response within 60 calendar days of the complaint being sent to the company.

of this growth—44 percent of the total complaints received by the CFPB in 2019 (154,500 complaints), 59 percent in 2020 (319,300 complaints), 71 percent in 2021 (710,300 complaints), and 76 percent in 2022 (978,900 complaints).

Figure 2. Consumer Complaint Volume, 2019–2022



Source: CFPB annual reports to Congress, 2019 to 2022.

Key Processes and Directives for Reviewing and Monitoring Consumer Complaints

To assess whether companies provide consumers with timely, accurate, and complete responses to complaints, company monitoring teams in Consumer Response’s Investigations section review company responses. Consumer Response uses the following key processes and directives to review and monitor company responses to consumer complaints:

- **Company review schedule development.** According to Consumer Response’s *Company Monitoring Directive*, the Investigations section uses a risk-based approach to selecting companies for review and creating a company review schedule. Specifically, the Investigations section prioritizes reviewing companies that received at least 200 annual complaints. The Investigations section creates its company review schedule by analyzing company complaint data and identifying companies for review within its internal complaint monitoring system.

- **Government Performance and Results Act Modernization Act performance goal.**⁴ In 2021 and 2022, the Investigations section established a Government Performance and Results Act Modernization Act, known as GPRA, performance goal to review the response performance of at least 85 percent of the companies with more than 250 annual complaints.⁵
- **Sampling company responses.** After companies are identified and added to the company review schedule, the Investigations section generates a random sample of consumer complaints to be reviewed by company monitoring teams. According to the *Company Monitoring Directive*, the number of total complaints selected for a random sample depends on a preidentified confidence level and margin of error.⁶
- **Reviewing company responses.** Company monitoring teams review components of the sampled consumer complaints to assess the timeliness, accuracy, and completeness of the company responses. Company monitoring teams use an assessment questionnaire within Consumer Response’s internal complaint management system to document these reviews. Assessment questionnaires consist of questions related to the timeliness, accuracy, and completeness of company responses.
- **Quality Assurance (QA) reviews.** According to Consumer Response’s *Investigations Quality Assurance Directive*, the Investigations section has a QA team that selects and reviews a random sample of assessment questionnaires completed by company monitoring teams from the preceding month to ensure that they reflect comprehensive and accurate analyses and follow applicable procedures.
- **Issuing reports to companies about response performance.** Consumer Response initiated a discretionary pilot process in 2021 to share company-specific reports on complaint handling and response performance with a limited number of companies. This pilot process is not required by law. Consumer Response compiles the results of several reviews of a single company into a company-specific report, which is then shared directly with that company to help compliance and complaint handling personnel better understand their complaint response performance history. The CFPB issues company-specific reports as part of the company monitoring program. Consumer Response informed us that its ability to issue these reports depends on various factors, such as staffing levels, leadership policy priorities, and other factors external to the company monitoring program.⁷ In 2021 and 2022, Consumer Response followed informal guiding principles when determining which companies would receive the reports.⁸ Consumer Response officials informed us that in 2023, subsequent to our fieldwork phase, their guiding principles evolved to include

⁴ The Government Performance and Results Act Modernization Act, enacted in 2010, provides the foundation by which federal agencies are held accountable for establishing management processes and setting performance goals and objectives.

⁵ The Investigations section’s GPRA performance goal was 82 percent in 2019 and 83 percent in 2020.

⁶ Consumer Response uses a 95 percent confidence level with a 5 percent margin of error to select from a company’s population of consumer complaints over a given period. For example, if a company received 10,000 complaints in a given period, Consumer Response would select approximately 370 complaints to review.

⁷ For example, the number of Consumer Response staff members decreased over the last 5 years—from 167 in 2018 to 125 in 2023.

⁸ Consumer Response’s informal guiding principles for determining which companies received company-specific reports in 2021 and 2022 included, for example, (1) companies with the most significant complaint volume, (2) companies that Consumer Response had previously reviewed, and (3) depository institutions with greater than \$10 billion in assets.

distributing the reports to nondepository institutions and prioritizing sharing the reports with companies with lower response performance scores.



Finding 1: Consumer Response Generally Followed Its Processes for Reviewing and Monitoring Company Responses to Consumer Complaints

We found that Consumer Response generally followed its processes for reviewing and monitoring company responses to consumer complaints.⁹ Consumer Response used a risk-based approach to select companies for review and followed its processes for creating company review schedules. In addition, we found that Consumer Response met its annual GPRA performance goal for company response analysis during our review period. Further, Consumer Response followed procedures for sampling company responses to consumer complaints for review and conducting QA reviews of the company monitoring teams' assessment questionnaires.

Consumer complaint volume increased significantly from 2019 through 2022, and following the applicable processes enabled the company monitoring teams to scale up their review of company responses. Specifically, the number of companies with 250 or more annual complaints that Consumer Response reviewed increased each year from 2019 through 2022.

Table 1. Select Consumer Response Processes for Monitoring Company Responses and Actions Taken to Follow Them

Select Consumer Response processes	Actions taken by Consumer Response
Company review schedule development	
According to Consumer Response's <i>Company Monitoring Directive</i> , Consumer Response selects companies for review and creates a company review schedule. Consumer Response prioritizes selecting companies that received at least 200 annual complaints.	We reviewed company review schedules and company complaint data from 2019 through 2022 and found that Consumer Response generally followed its processes for selecting companies for review and creating company review schedules. ^a We found that companies that received 200 or more annual complaints were prioritized and included in the company review schedules.

⁹ For the purposes of this finding, we used the term *generally* to reflect that we found instances of an immaterial deviation from a Consumer Response process.

Select Consumer Response processes	Actions taken by Consumer Response
GPRA performance goal	
Consumer Response’s GPRA performance goal for 2021 and 2022 was to review the response performance of 85 percent of companies with more than 250 complaints. The goal for 2019 was 82 percent and for 2020, 83 percent.	We reviewed the CFPB’s annual performance plans and reports and the Investigations section’s company monitoring data from 2019 through 2022. We found that Consumer Response met its GPRA performance goal by reviewing the response performance of at least 85 percent of companies with more than 250 annual complaints.
Sampling company responses	
According to Consumer Response’s <i>Company Monitoring Directive</i> , company monitoring teams use a random sample of consumer complaints to review selected company responses.	We reviewed 40 company monitoring teams’ company scorecards from 2019 through 2022 and conducted a walk-through with Consumer Response officials to confirm the use of a random sample of complaints. We found that Consumer Response followed its procedures for sampling consumer complaints from selected companies.
QA reviews	
According to the Investigations section’s <i>Investigations Quality Assurance Directive</i> , the QA team reviews the company monitoring teams’ completed assessment questionnaires to ensure that they reflect comprehensive and accurate analyses and are conducted in accordance with procedures.	We reviewed QA reports from eight monthly periods from 2019 through 2022. We found that Consumer Response followed its procedures for conducting QA reviews of the company monitoring teams’ completed assessment questionnaires, including documenting QA’s analyses and reasons for disagreements with determinations made in the assessment questionnaires and identifying potential deviations from Consumer Response’s procedures.

Source: OIG analysis of Consumer Response datasets for 2019–2022 and interviews with Consumer Response officials.

^a For 2022, Consumer Response deviated from its process to create its company review schedule by using data fields that differed immaterially from those outlined in its Company Monitoring Directive.

Management Response

In response to our draft report, the associate director of consumer response and education states that he is pleased that the audit found that the office generally followed its processes for reviewing and monitoring company responses to consumer complaints.



Finding 2: Consumer Response Should Ensure Consistent Documentation of Company Response Performance

Consumer Response's company monitoring teams generally followed procedures for documenting their review of company responses to consumer complaints in assessment questionnaires; however, we found that the teams did not consistently complete one specific required field of the assessment questionnaire. Consumer Response's procedures specify that company monitoring teams must use the *determination finding* field when documenting their review. In addition, the U.S. Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government* highlights the importance of application controls, such as system controls, which are incorporated directly into computer systems to ensure the completeness of data. According to Consumer Response, the *determination finding* field is not a mandatory field in the complaint management system. During our fieldwork, Consumer Response informed us of its plans to implement a system change that would make the *determination finding* field mandatory. Developing system controls for all required fields would help to ensure the consistent completion of company response performance assessment questionnaires, which would give Consumer Response a clear picture of how companies are responding to consumer complaints.

Consumer Response Should Develop System Controls for All Required Fields

Consumer Response generally has controls to prevent company monitoring teams from submitting incomplete assessment questionnaires. We found, however, that company monitoring teams did not consistently document their review in the *determination finding* field of the assessment questionnaire.

According to Consumer Response's *Company Monitoring CRI (Consumer Response Investigation) User Support Tool*, company monitoring teams must use the *determination finding* field to document (1) a brief synopsis of the consumer complaint and company response and (2) an explanation as to why any responses were deemed to be unsatisfactory. Further, the GAO's *Standards for Internal Control in the Federal Government* highlights the importance of application controls, such as system controls, which are incorporated directly into computer systems to ensure the completeness of data.

According to Consumer Response, the *determination finding* field is not a mandatory field within Consumer Response's internal complaint management system, and some company monitoring staff use the *complaint specific finding* field instead of the *determination finding* field in the assessment questionnaire.¹⁰ As a result, 9,360 of the 143,742 (6.5 percent) assessment questionnaires completed from 2019 through 2022 had incomplete *determination finding* fields.

¹⁰ The *complaint specific finding* field is an optional field designed to highlight common issues and identify trends.

Updating system controls to make all required assessment questionnaire fields mandatory will help to ensure that Consumer Response completely and consistently documents its company response performance assessments. Complete assessments will give Consumer Response a clear picture of how companies are responding to consumer complaints.

Management Actions

After our preliminary findings meeting, Consumer Response implemented a change to its complaint management system. The *determination finding* field is now a mandatory field in the system and must be completed before the assessment questionnaire can be saved. Based on our review of documentation evidencing this change, we are not making a recommendation to address this item.

Management Response

In response to our draft report, the associate director of consumer response and education states that he is pleased with our audit's recognition of the office's efforts to implement a system change to make the *determination finding* field mandatory and of the office's commitment to maintaining proper controls to ensure the completeness of the data.



Finding 3: Consumer Response Can Strengthen Its Processes for Issuing Company-Specific Reports on Response Performance

Consumer Response's pilot process to issue discretionary company-specific reports lacked measurable objectives, a pilot completion date, and formal written guidance for selecting certain companies to receive company-specific reports. In addition, Consumer Response did not have a process to periodically evaluate the effectiveness of its pilot process. GAO's *Standards for Internal Control in the Federal Government* emphasizes the need for establishing policies and procedures and highlights the importance of periodically reviewing processes for their effectiveness in achieving objectives. Instead of establishing formal objectives and documenting its process for issuing company-specific reports, Consumer Response developed informal guiding principles that can vary year to year. Finalizing objectives, conducting periodic monitoring, and establishing a completion date for the pilot process will help Consumer Response effectively assess the value of the process and identify potential improvements. In addition, developing formal guidance for issuing company-specific reports will help Consumer Response establish a repeatable process.

Consumer Response Should Finalize Measurable Objectives, Establish Formal Written Guidance, and Periodically Evaluate Its Company-Specific Reports Issuance Pilot Process

In 2021, Consumer Response initiated a pilot process to share company-specific reports on response performance with a limited number of companies.¹¹ We found that Consumer Response's pilot process lacked measurable objectives and a completion date. Further, Consumer Response did not develop formal written guidance for its company selection process. For example, in 2021 and 2022, we could not determine why some companies were chosen to receive reports and others were not. In addition, Consumer Response did not have a procedure to periodically evaluate the effectiveness of its pilot process against measurable objectives.

GAO's *Standards for Internal Control in the Federal Government* sets internal control standards for federal entities and outlines the importance of establishing and maintaining effective internal control activities through policies and procedures. In addition, it states that federal entities should periodically review policies, procedures, and related control activities for their relevance and effectiveness in achieving objectives and addressing risks.

¹¹ Consumer Response issued 12 company-specific reports in 2021 and 22 in 2022.

A Consumer Response official informed us that the office did not establish formal objectives to allow for flexibility within the report issuance process. In addition, Consumer Response did not develop formal guidance for selecting companies to receive company-specific reports, and instead developed informal guiding principles. According to a Consumer Response official, the informal guiding principles for issuing company-specific reports can vary year to year.

Because Consumer Response did not establish specific parameters for its pilot process, certain components of the pilot process changed over time. For example, although our audit review period did not include Consumer Response's processes in 2023, Consumer Response informed us that in 2023 its approach for issuing company-specific reports evolved to begin distributing such reports to nondepository institutions as well as continuing to employ risk-based prioritization for the sharing of such reports with companies.

Finalizing measurable objectives for the pilot process, conducting periodic monitoring, and establishing a specific duration for the pilot process can help Consumer Response assess the lessons learned from the pilot and determine whether to implement the process more permanently. In addition, developing formal guidance for issuing company-specific reports, including identifying which companies receive them, will help Consumer Response establish a repeatable process.

Recommendations

We recommend that the associate director of consumer response and education

1. Finalize measurable objectives and establish a completion date for the company-specific reports pilot process.
2. Establish written guidance for issuing company-specific reports.
3. Periodically monitor the company-specific reports pilot process to measure its effectiveness in improving company responsiveness.

Management Response

In response to our draft report, the associate director of consumer response and education concurs with our recommendations. Specifically, regarding recommendation 1, the response states that Consumer Response has begun to finalize the pilot process, including specifying a completion date and defining measurable objectives; the office plans to finalize the pilot process by the second quarter of fiscal year 2025.

Regarding recommendation 2, the response states that Consumer Response has prepared a formal procedure for issuing company-specific reports and plans to finalize the procedure by the second quarter of fiscal year 2025.

Regarding recommendation 3, the responses notes that Consumer Response has started taking steps to monitor and measure the company-specific reports pilot process by developing a dashboard and plans to finalize the dashboard by the second quarter of fiscal year 2025.

OIG Comment

The planned actions described by the associate director of consumer response and education appear to be responsive to our recommendations. We will follow up to ensure that the recommendations are fully addressed.



Appendix A: Scope and Methodology

Our audit objective was to assess the effectiveness of Consumer Response's processes for reviewing and monitoring the timeliness, accuracy, and completeness of company responses to consumer complaints in accordance with its established directives and procedures.

To accomplish our objective, we reviewed Consumer Response's directives and procedures for reviewing and monitoring company responses to consumer complaints. We interviewed Consumer Response officials to obtain an understanding of the office's company monitoring processes. We also reviewed and analyzed Consumer Response's company monitoring data from January 1, 2019, to December 31, 2022. We assessed the reliability of Consumer Response's company monitoring data by reviewing existing information about the data and the system that produced them, interviewing CFPB officials knowledgeable about the data, and conducting a walk-through of certain data processes. We determined that the data were sufficiently reliable for the purposes of this report.

Using information obtained during interviews with Consumer Response officials and our review of Consumer Response's directives and procedures, we identified select Consumer Response processes for review to assess the effectiveness of Consumer Response's company response monitoring. Specifically, we

- examined Consumer Response's annual company review schedules from 2019 through 2022 to determine whether Consumer Response followed procedures for analyzing company complaint data, selecting companies for review, and creating company review schedules
- reviewed Consumer Response's GPRA performance goal and company monitoring data to verify that all companies that received 250 or more annual complaints from 2019 through 2022 were reviewed
- reviewed a nonstatistical sample of 40 company scorecards for companies reviewed by company monitoring teams from 2019 through 2022 to ensure that Consumer Response followed procedures for sampling company responses
- analyzed all assessment questionnaires completed by Consumer Response's company monitoring teams from 2019 through 2022 to verify that all fields were completed in accordance with procedures
- reviewed a nonstatistical sample of eight monthly QA reviews of completed assessment questionnaires from 2019 through 2022 to determine whether Consumer Response completed QA reviews according to procedures
- reviewed Consumer Response's notification process for issuing company-specific reports to companies in 2021 and 2022 to determine whether Consumer Response had procedures to guide its process for identifying and issuing reports to companies

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We

believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We conducted this work from May 2023 to May 2024.

Appendix B: Management Response



1700 G Street NW, Washington, D.C. 20552

June 06, 2024

Michael VanHuysen
Associate Inspector General for Audits and Evaluations
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Dear Mr. VanHuysen,

Thank you for the opportunity to review and comment on the Office of Inspector General's (OIG) official draft report: *The CFPB Effectively Monitors Consumer Complaints but Can Enhance Certain Processes*. The Consumer Response and Education Division's Office of Consumer Response (Consumer Response) appreciates the OIG's review and concurs with the recommendations.

Consumer Response's mission is to handle complaints, answer questions, and share data and insights to empower consumers to make informed financial decisions. The CFPB has a statutory obligation to monitor consumer complaints. This audit is focused on Consumer Response's ability to manage increasing complaint volumes. It is a follow-up to the OIG's routine monitoring activities in 2021 and 2023 amidst increasing complaint volume during the COVID-19 pandemic. In 2023 alone, the CFPB sent more than 1.3 million complaints to more than 3,400 companies for review and response. Your evaluation provided a comprehensive review of Consumer Response's processes for effectively monitoring how well companies are providing complete, accurate, and timely responses and implementing proper controls. We appreciate that you gave us the opportunity to brief you about the Consumer Response's company monitoring program.

We agree Consumer Response's Company Monitoring program is effectively reviewing and monitoring company responses to consumer complaints. Specifically, it is encouraging that your

consumerfinance.gov

audit found that Consumer Response generally followed its processes for the Company Monitoring program.

We also acknowledge and concur with the recommendations you made around strengthening our processes of issuing company-specifics reports on response performance. As you noted, Consumer Response has already begun making enhancements to address some of your recommendations and has been actively engaged in continuous improvement activities throughout the audit.

We appreciate the amount of work that went into this audit and thank you for the opportunity to comment on the report. We provide the following management responses for each recommendation.

Sincerely,

A handwritten signature in cursive script that reads "Christopher Johnson".

Christopher Johnson
Associate Director
Division of Consumer Response and Education

Responses to Specific Recommendations

Finding 1: Consumer Response Generally Followed Its Processes for Reviewing and Monitoring Company Responses to Consumer Complaints

No recommendations.

Consumer Response is pleased the audit found that it generally followed its processes for reviewing and monitoring company responses to consumer complaints as the OIG noted: “Consumer Response used a risk-based approach to select companies for review and followed its processes for creating company review schedules. In addition, we found that Consumer Response met its annual GPRA performance goal for company response analysis during our review period. Further, Consumer Response generally followed procedures for sampling company responses to consumer complaints for review and conducting QA reviews of the company monitoring teams’ assessment questionnaires.”

Finding 2: Consumer Response Should Ensure Consistent Documentation of Company Response Performance

No Recommendations

Consumer Response is pleased the audit found that the implemented system change making the determination finding field mandatory in the complaint management system sufficiently implemented proper control activities to ensure completeness of the data. With this implementation, company monitoring assessment questionnaires will not be able to be submitted unless the field is completed.

Finding 3: Consumer Response Can Strengthen Its Processes for Issuing Company-Specific Reports on Response Performance

Recommendation 1: Finalize measurable objectives and establish a completion date for the company-specific reports pilot process.

Consumer Response concurs with this recommendation and has started taking steps to finalize the pilot process, including specifying a completion date and defining measurable objectives for delivering feedback to companies. Consumer Response plans to finalize the pilot process by the second quarter of Fiscal Year 2025.

Recommendation 2: Establish written guidance for issuing company-specific reports.

Consumer Response concurs with this recommendation and has prepared a formal procedure for issuing company-specific reports. Consumer Response plans to finalize the procedure by the second quarter of Fiscal Year 2025.

Recommendation 3: Periodically monitor the company-specific reports pilot process to measure its effectiveness in improving companies' responsiveness.

Consumer Response concurs with this recommendation and has started taking steps to finalize the pilot process and ultimately to transition to a steady state process. Consumer Response has developed a dashboard to periodically monitor and measure Consumer Response's objectives of issuing company-specific reports. Consumer Response plans to finalize the dashboard by the second quarter of Fiscal Year 2025.



Abbreviations

GAO	Government Accountability Office
GPRA	Government Performance and Results Act Modernization Act
QA	Quality Assurance

Report Contributors

Brian Maloney, Project Lead

Katrina Jenkins, Auditor

Laura King, Auditor

Andrew Luckman, Forensic Auditor

Nick Stefaniak, Forensic Auditor

Lindsay S. Mough, OIG Manager, Management and Operations

Victor Calderon, OIG Manager for Data Analytics

Andrew Gibson III, Senior OIG Manager for Management and Operations

Cynthia Gray, Deputy Associate Inspector General for Audits and Evaluations

Michael VanHuysen, Associate Inspector General for Audits and Evaluations

Contact Information

General

Office of Inspector General
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Mail Center I-2322
Washington, DC 20551

Phone: 202-973-5000

Fax: 202-973-5044

Media and Congressional

OIG.Media@frb.gov



Hotline

Report fraud, waste, and abuse.

Those suspecting possible wrongdoing may contact the OIG Hotline by mail, web form, phone, or fax.

OIG Hotline

Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Mail Center I-2322
Washington, DC 20551

Phone: 800-827-3340

Fax: 202-973-5044