



# **Executive Summary:**

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

2017-FMIC-C-006

March 29, 2017

### **Purpose**

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

### **Background**

The CFPB determined that the Consumer Financial Civil Penalty Fund (Civil Penalty Fund) is subject to IPIA. According to IPIA statutory guidance, if an agency fails to meet any one of six requirements, that agency is not compliant with IPIA.

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 2016, total disbursements from the Civil Penalty Fund were approximately \$54 million.

### **Results of Audit**

We determined that the CFPB complied with the applicable requirements of IPIA for fiscal year 2016 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 2016*, dated November 15, 2016.

Second, IPIA requires agencies to complete a program-specific risk assessment at least once every 3 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. As a result of conducting this risk assessment, the CFPB concluded that the risk of improper payments from the Civil Penalty Fund was *low*. Although not required, the agency updated its 2014 risk assessment in fiscal year 2015 and determined that the risk for improper payments remained *low*. The CFPB was not required to complete a risk assessment in fiscal year 2016.

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