

GAO-IG Act Reporting

Annual Report



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1. Introduction

On January 3, 2019, the Good Accounting Obligation in Government Act (GAO-IG Act or Act) was enacted as Public Law number 115-414. This report is the first published by the Bureau of Consumer Financial Protection (Bureau or CFPB) in compliance with that law.¹

The GAO-IG Act requires agencies to annually submit a report to Congress on the status of certain open public audit recommendations. To comply with the requirements of the Act, this report contains the following sections: (1) Open Government Accountability Office (GAO) recommendations, and (2) Open Office of the Inspector General of the Board of Governors of the Federal Reserve System (FRB) and the Consumer Financial Protection Bureau (OIG) recommendations.

The GAO-IG Act also requires agencies to disclose discrepancies between its report and reports issued by the GAO and OIG. The Bureau is not aware of any discrepancy between this report and public reports issued by GAO or OIG.

1.1 Background

The Bureau was established on July 21, 2010, under Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). The Bureau was established as an independent bureau within the Federal Reserve System. The Bureau is an Executive agency as defined in Section 105 of Title 5, United States Code. As an Executive agency and under the Dodd-Frank Act, the Bureau is subject to external audits and reviews, some of which are legislatively mandated, others of which are conducted at the discretion of the oversight body.

Audits and reviews conducted by GAO and OIG can be categorized as follows:

- GAO Annual Financial Statement Audit: Annual audit is to determine whether the Bureau's financial statements were fairly presented and whether the Bureau's management maintained effective internal control over financial reporting. The annual

¹ The GAO-IG Act requires agencies to "submit reports on outstanding recommendations in the annual budget justification submitted to Congress." The Bureau does not submit a budget justification to Congress and has published this report as a standalone document.

GAO financial statement audit is a requirement of the Dodd-Frank Act, 12 U.S.C. §5496a(b).

- **GAO Subject Matter Engagements:** These engagements are performed at the request of congressional members, committees or subcommittees, may be mandated by public laws or committee reports, or undertaken at GAO's own initiative.
- **OIG:** Conducts audits, investigations, and other reviews of the Bureau's program functions. Section 1081 of the Dodd-Frank Act amended the Inspector General Act of 1978 to create one Inspector General for both the FRB and the Bureau and to provide the OIG with all of the authorities and responsibilities provided by the IG Act with respect to the Bureau.

2. Recommendations

From the creation of the Bureau in July 2010 through December 31, 2019, GAO and OIG have issued a total of 370 recommendations to the Bureau. To date, 311 or 84% have been closed. There are currently 59 open GAO and OIG recommendations.

- Of the total 370 recommendations, 90 were issued by GAO and 280 were issued by OIG. Of the 280 findings issued by OIG, 240 or 86% have been closed. Of the 90 recommendations issued by GAO, 71 or 79% have been closed.
- In fiscal year 2019, 38 recommendations were issued to the Bureau under 13 reports from GAO and OIG.
- Of the 325 recommendations issued from July 2010 through fiscal year 2018, 303 or 93% have been closed by the issuing auditor.

2.1 GAO Recommendations

Table 1 provides a list of all 19 open GAO recommendations.

TABLE 1: OPEN GAO RECOMMENDATIONS

Report Title	Report Date	Recommendation	Justification ²	Estimated Completion
Management Report: Improvements Needed in CFPB's Internal Controls and Accounting Procedures (GAO-16-522R)	6/13/2016	Direct the program offices to require vendors to provide detailed invoices with costs broken out by project.	Not applicable. Implementation in progress.	FY20
Student Loans: Oversight of Service members' Interest Rate Cap Could Be Strengthened (GAO-17-4)	11/15/2016	To better ensure that service members with private student loans benefit from the SCRA interest rate cap, the Director of the Consumer Financial Protection Bureau and the Attorney General of the Department of Justice should coordinate with each other, and with the four federal financial regulators, as appropriate, to determine the best way to ensure routine oversight of SCRA compliance for all nonbank private student loan lenders and servicers. If CFPB and DOJ determine that additional statutory authority is needed to facilitate such oversight, CFPB and DOJ should develop a legislative proposal for Congress.	Not applicable. Implementation in progress.	TBD

² The GAO-IG Act requires agencies to provide a justification for GAO recommendations it has "decided not to implement." As applicable, this information is provided in the justification column.

Report Title	Report Date	Recommendation	Justification ²	Estimated Completion
PRIVATE DEPOSIT INSURANCE: Credit Unions Largely Complied with Disclosure Rules, but Rules Should Be Clarified (GAO-17-259)	3/29/2017	To help state credit union supervisors and privately insured credit unions better interpret Regulation I and inform consumers when an institution is not federally insured, CFPB should issue guidance to clarify whether drive-through windows require disclosures.	At this time, the issues identified do not appear to present significant risk of consumer harm and the Bureau has seen no indication of consumer or industry concerns related to this issue. At this time, the Bureau has not added this item to our rulemaking program.	NA
PRIVATE DEPOSIT INSURANCE: Credit Unions Largely Complied with Disclosure Rules, but Rules Should Be Clarified (GAO-17-259)	3/29/2017	To help state credit union supervisors and privately insured credit unions better interpret Regulation I and inform consumers when an institution is not federally insured, CFPB should issue guidance to describe what constitutes clear and conspicuous disclosure, including minimum signage dimensions and font size for disclosures.	At this time, the issues identified do not appear to present significant risk of consumer harm and the Bureau has seen no indication of consumer or industry concerns related to this issue. At this time, the Bureau has not added this item to our rulemaking program.	NA
PRIVATE DEPOSIT INSURANCE: Credit Unions Largely Complied with Disclosure Rules, but Rules Should Be Clarified (GAO-17-259)	3/29/2017	To help state credit union supervisors and privately insured credit unions better interpret Regulation I and inform consumers when an institution is not federally insured, CFPB should issue guidance to explain and provide examples of which communications are advertising.	At this time, the issues identified do not appear to present significant risk of consumer harm and the Bureau has seen no indication of consumer or industry concerns related to this issue. At this time, the Bureau has not added this item to our rulemaking program.	NA

Report Title	Report Date	Recommendation	Justification ²	Estimated Completion
Financial Services Regulations: Procedures for Reviews under Regulatory Flexibility Act Need to Be Enhanced (GAO-18-256)	1/30/2018	The Consumer Financial Protection Bureau should develop and implement specific policies and procedures for how it will consistently comply with RFA requirements and key aspects of Office of Advocacy and OMB guidance that include the following three elements: (1) processes for creating and maintaining documentation sufficient to support analysis of alternatives that could minimize the impact on small entities; (2) processes for considering to the extent practicable a rule's potential economic impacts on small entities, including for evaluating broad economic impacts of regulations in certification determinations and assessing alternatives that could minimize impact on small entities; and (3) in developing policies and procedures for section 610 reviews, include processes for determining which rules require review, posting notices of upcoming reviews in the Federal Register, maintaining documentation supporting the analysis and conclusions of RFA-required considerations, and establishing procedures for publicly disclosing the review or summaries (such as in the Federal Register or on the agency's website).	Not applicable. Implementation in progress.	FY20
COMMUNITY BANKS AND CREDIT UNIONS: Regulators Could Take Additional Steps to Address Compliance Burdens (GAO-18-213)	2/27/2018	The Director of CFPB should assess the effectiveness of Truth-in-Lending Act - Real Estate Settlement Procedures Act Integrated Disclosure (TRID) guidance to determine the extent to which TRID's requirements are accurately understood and take steps to address any issues as necessary.	Submitted closure package for GAO review.	FY19

Report Title	Report Date	Recommendation	Justification ²	Estimated Completion
COMMUNITY BANKS AND CREDIT UNIONS: Regulators Could Take Additional Steps to Address Compliance Burdens (GAO-18-213)	2/27/2018	The Director of CFPB should issue public information on its plans for reviewing regulations applicable to banks and credit unions, including information describing the scope of regulations the timing and frequency of the reviews, and the extent to which the reviews will be coordinated with the federal depository institution regulators as part of their periodic EGRPRA reviews.	Not applicable. Implementation in progress.	TBD
Financial Technology: Additional Steps by Regulators Could Better Protect Consumers and Aid Regulatory Oversight (GAO-18-254)	3/22/2018	The Director of the Consumer Financial Protection Bureau should engage in collaborative discussions with other relevant financial regulators in a group that includes all relevant stakeholders and has defined agency roles and outcomes to address issues related to consumers' use of account aggregation services.	Not applicable. Implementation in progress.	TBD
Financial Technology: Agencies Should Provide Clarification on Lenders' Use of Alternative Data (GAO-19-111)	12/19/2018	The Director of the Bureau of Consumer Financial Protection should, in coordination with the federal banking regulators and with input from relevant stakeholders, communicate in writing to fintech lenders on the appropriate use of alternative data in the underwriting process, including issues to consider when selecting types of alternative data to use.	Not applicable. Implementation in progress.	FY20

Report Title	Report Date	Recommendation	Justification ²	Estimated Completion
Dodd-Frank Regulations: Consumer Financial Protection Bureau Needs a Systemic Process to Prioritize Consumer Risks (GAO-19-158)	12/21/2018	The Director of CFPB should implement a systematic process for prioritizing risks to consumers and considering how to use the bureau's available policy tools—such as rulemaking, supervision, enforcement, and consumer education—to address these risks. Such a process could incorporate principles from the prior One Bureau process, such as an assessment of the extent of potential harm to consumers in financial markets, to prioritize the most significant risks.	Not applicable. Implementation in progress.	FY20
Consumer Data Protection: Actions Needed to Strengthen Oversight of Consumer Reporting Agencies (GAO-19-196)	2/21/2019	The Director of CFPB should identify additional sources of information, such as through registering CRAs or leveraging state information, that would help ensure the agency is tracking all CRAs that meet the larger participant threshold.	Not applicable. Implementation in progress.	FY21
Consumer Data Protection: Actions Needed to Strengthen Oversight of Consumer Reporting Agencies (GAO-19-196)	2/21/2019	The Director of CFPB should assess whether its process for prioritizing CRA examinations sufficiently incorporates the data security risks CRAs pose to consumers, and take any needed steps identified by the assessment to more sufficiently incorporate these risks.	Not applicable. Implementation in progress.	FY21
PRIVATE STUDENT LOANS: Clarification from CFPB Could Help Ensure More Consistent Opportunities and Treatment for Borrowers (GAO-19-430)	5/24/2019	The Director of CFPB should provide written clarification to nonbank private student loan lenders on their authorities under the Fair Credit Reporting Act to offer private student loan rehabilitation programs that include removing information from credit reports.	The Bureau believes that the Director's response contained in the response letter that accompanied the report in its appendix constitute the Bureau's response to the recommendation. At this time, the Bureau believes further action must be made by financial institutions.	NA

Report Title	Report Date	Recommendation	Justification ²	Estimated Completion
PRIVATE STUDENT LOANS: Clarification from CFPB Could Help Ensure More Consistent Opportunities and Treatment for Borrowers (GAO-19-430)	5/24/2019	The Director of CFPB, after consulting with the prudential regulators and relevant industry groups, should provide written clarification on what information in a consumer's credit report constitutes a private student loan reported "default" that may be removed after successful completion of a private student loan rehabilitation program.	The Bureau believes that the Director's response contained in the response letter that accompanied the report in its appendix constitute the Bureau's response to the recommendation. The Bureau believes further action to be premature.	NA
Consumer Reporting Agencies: CFPB Should Define Its Supervisory Expectations (GAO-19-459)	7/16/2019	The Director of CFPB should communicate to CRAs its expectations regarding reasonable procedures for assuring maximum possible accuracy of consumer report information.	Not applicable. Implementation in progress.	FY20
Consumer Reporting Agencies: CFPB Should Define Its Supervisory Expectations (GAO-19-459)	7/16/2019	The Director of CFPB should communicate to CRAs its expectations regarding reasonable investigations of consumer disputes.	Not applicable. Implementation in progress.	FY20
Federal Rulemaking: Selected Agencies Should Clearly Communicate Practices Associated with Identity Information in the Public Comment process (GAO-19-483)	7/26/2019	The Director of the Consumer Financial Protection Bureau (CFPB) should finalize its draft policy for posting comments and their identity information, particularly for duplicate comments, and clearly communicate it to the public on the CFPB website.	Not applicable. Implementation in progress.	FY20
Reverse Mortgages: FHA Needs to Improve Monitoring and Oversight of Loan Outcomes and Servicing (GAO-19-702)	9/25/2019	The CFPB Director should work with FHA to complete an agreement for sharing the results of CFPB examinations of HECM servicers with FHA.	Not applicable. Implementation in progress.	TBD

2.2 OIG Recommendations

Table 2 provides a list of all 35³ open public OIG recommendations.

TABLE 2: OPEN OIG RECOMMENDATIONS

Report Title	Report Date	Recommendation	Explanation ⁴	Estimated Completion
The CFPB Should Strengthen Internal Controls for its Government Travel Card Program to Ensure Program Integrity (2013-AE-C-017)	9/30/2013	Coordinate with the Office of Human Capital to obtain personnel leave data and require the Travel Office to expand the monthly cardholder statement review to include cardholders on leave in order to identify potential cases of unauthorized or fraudulent use and incorporate this requirement in the draft internal procedure.	Not applicable. Implementation in progress.	FY20
2014 Audit of the CFPB's Information Security Program (2014-IT-C-020)	11/14/2014	Strengthen the CFPB's vulnerability management practices by implementing an automated solution and process to periodically assess and manage database and application-level security configurations.	Not applicable. Implementation in progress.	FY20
The CFPB Should Continue to Enhance Controls for Its Government Travel Card Program (2016-FMIC-C-009)	6/27/2016	Enhance the monthly compliance audits of the CFPB's government travel card program by a. directing the Travel Office to obtain training from the government travel card provider on how to use all the available monitoring resources, and b. finalizing the development of and implementing in-house data mining tools.	Not applicable. Implementation in progress.	FY20

³ Open non-public recommendations are not included in this report.

⁴ The GAO-IG Act requires “an explanation of the reasons why no final action or action not recommended was taken with respect to each audit report to which the public recommendation for corrective action pertains.” As applicable, this information is provided in the Explanation column

Report Title	Report Date	Recommendation	Explanation ⁴	Estimated Completion
2016 Audit of the CFPB's Information Security Program (2016-IT-C-012)	11/10/2016	Evaluate options and develop an agency-wide insider threat program to include a. a strategy to raise organizational awareness, b. an optimal organizational structure, and c. integration of incident response capabilities, such as ongoing activities around data loss prevention.	Not applicable. Implementation in progress.	FY20
2017 Audit of the CFPB's Information Security Program (2017-IT-C-019)	10/31/2017	Ensure that a risk appetite statement and associated risk tolerance levels are defined and used to develop and maintain an agency wide risk profile.	Not applicable. Implementation in progress.	FY20
2017 Audit of the CFPB's Information Security Program (2017-IT-C-019)	10/31/2017	Develop and implement a tiered approach for implementing multifactor authentication that considers system risk levels and user roles and uses lessons learned to inform broader adoption.	Not applicable. Implementation in progress.	FY20
The CFPB Can Further Strengthen Controls Over Certain Off Boarding Processes and Data (2018-MO-C-001)	1/22/2018	Once upgrades to the offboarding system have been fully implemented, develop a process to periodically reconcile new separation data in the offboarding system with one of the CFPB's human resources systems to ensure that the separation data are current, accurate, and complete.	Submitted closure package for OIG review.	FY19
The CFPB Can Further Strengthen Controls Over Certain Off Boarding Processes and Data (2018-MO-C-001)	1/22/2018	Finalize the building access system upgrade to ensure that PIV badges and site badges are automatically deactivated in the building access system and that PIV badges are automatically deactivated in the USAccess system upon an individual's separation.	Not applicable. Implementation in progress.	FY20
Report on the Independent Audit of the Consumer Financial Protection Bureau's Privacy Program (2018-IT-C-003)	2/14/2018	Develop, document, and implement a formal process for monitoring compliance with physical security requirements around portable media such as laptops, thumb drives, and smart phones, as well as around passwords and hard copies of sensitive PII.	Not applicable. Implementation in progress.	FY20

Report Title	Report Date	Recommendation	Explanation ⁴	Estimated Completion
The Bureau's Travel Card Program Controls Are Generally Effective but Could Be Further Strengthened (2018-FMIC-C-014)	9/26/2018	Update travel guidance to clarify how to submit vouchers for multicity trips.	Not applicable. Implementation in progress.	FY20
The Bureau's Travel Card Program Controls Are Generally Effective but Could Be Further Strengthened(2018-FMIC-C-014)	9/26/2018	Incorporate instruction on multicity trips into training for cardholders and approving officials.	Not applicable. Implementation in progress.	FY20
The Bureau's Travel Card Program Controls Are Generally Effective but Could Be Further Strengthened (2018-FMIC-C-014)	9/26/2018	Evaluate the benefit of implementing additional controls to detect duplicative reimbursements, such as developing and implementing a tool for identifying travel vouchers with overlapping trip dates.	Not applicable. Implementation in progress.	FY20
The Bureau's Travel Card Program Controls Are Generally Effective but Could Be Further Strengthened (2018-FMIC-C-014)	9/26/2018	Review transactions and seek reimbursement in accordance with Bureau policy from cardholders who received duplicative reimbursements for multicity trips and from cardholders who were reimbursed for lodging and M&IE expenses incurred while on personal leave during official travel.	Not applicable. Implementation in progress.	FY20
2018 Audit of the Bureau's Information Security Program (2018-IT-C-018)	10/31/2018	Strengthen configuration management processes by a. remediating configuration-related vulnerabilities in a timely manner, and b. ensuring that optimal resources are allocated to perform vulnerability remediation activities.	Not applicable. Implementation in progress.	FY20
2018 Audit of the Bureau's Information Security Program (2018-IT-C-018)	10/31/2018	Develop and implement a process to ensure the timely application of patches and security updates for Bureau-issued mobile phones.	Not applicable. Implementation in progress.	FY20
2018 Audit of the Bureau's Information Security Program (2018-IT-C-018)	10/31/2018	Determine whether established processes and procedures for management of user-access agreements and rules-of-behavior forms for privileged users are effective and adequately resourced and make changes as needed.	Not applicable. Implementation in progress.	FY20

Report Title	Report Date	Recommendation	Explanation ⁴	Estimated Completion
The Bureau Can Improve Its Follow-Up Process for Matters Requiring Attention at Supervised Institutions (2019-SR-C-001)	1/28/2019	Clarify SEFL's purpose and intent for tracking and reporting its MRA follow-up activities and ensure that the calculation of the measurement and the description of the measurement clearly and accurately communicate the Bureau's recent and historical performance against those objectives.	Submitted closure package for OIG review.	FY19
The Bureau Can Improve Its Follow-Up Process for Matters Requiring Attention at Supervised Institutions (2019-SR-C-001)	1/28/2019	Standardize the data entry expectations for the ERC Date and Due Date fields in SES and implement a quality control process to validate the accuracy of these entries.	Not applicable. Implementation in progress.	FY20
The Bureau Can Improve Its Follow-Up Process for Matters Requiring Attention at Supervised Institutions (2019-SR-C-001)	1/28/2019	Implement guidance that establishes SEFL's expectations and training for new and existing policies that cover the following: a. posting MRA documentation to SES, including what to post, when to post it, and to what SES folder it should be posted. b. receiving, approving, and retaining MRA extension and closure communications. c. documenting MRA closure dates in SES.	Not applicable. Implementation in progress.	FY20
The Bureau Can Improve Its Follow-Up Process for Matters Requiring Attention at Supervised Institutions (2019-SR-C-001)	1/28/2019	Develop training and monitoring activities to ensure that SEFL employees are aware of and comply with policies and procedures related to communicating the closure of MRAs to supervised entities.	Not applicable. Implementation in progress.	FY20
The Bureau Can Improve Its Follow-Up Process for Matters Requiring Attention at Supervised Institutions (2019-SR-C-001)	1/28/2019	Conduct testing to ensure that the follow-up sub action Internal Supervisory Memorandum has been implemented and is used consistently.	Not applicable. Implementation in progress.	FY20
The Bureau Can Improve Its Follow-Up Process for Matters Requiring Attention at Supervised Institutions (2019-SR-C-001)	1/28/2019	Evaluate whether more involvement from the Regional Analysts in the MRA follow-up process may help improve consistency.	Not applicable. Implementation in progress.	FY20

Report Title	Report Date	Recommendation	Explanation ⁴	Estimated Completion
The Bureau Can Improve Its Risk Assessment Framework for Prioritizing and Scheduling Examination Activities (2019-SR-C-005)	3/25/2019	Develop training on the FMI scoring process that includes a detailed explanation of the methodology used to determine desktop FMI scores and require employees participating in that process to receive this training annually.	Not applicable. Implementation in progress.	FY20
The Bureau Can Improve Its Risk Assessment Framework for Prioritizing and Scheduling Examination Activities(2019-SR-C-005)	3/25/2019	Develop guidance that clarifies SEFL's procedures for determining the final FMI score when an agreement cannot be reached.	Not applicable. Implementation in progress.	FY20
Bureau Efforts to Share Consumer Complaint Data Internally Are Generally Effective; Improvements Can Be Made to Enhance Training and Strengthen Access Approval (2019-FMIC-C-008)	6/3/2019	Enhance access review activities for Explorer, including establishing documented processes and procedures for evaluating the access privileges of current users, to ensure that these activities are consistent with Bureau information security requirements.	Not applicable. Implementation in progress.	FY20
The Bureau Can Improve the Effectiveness of Its Life Cycle Processes for FedRAMP (2019-IT-C-009)	7/17/2019	Ensure that established SA&A processes are a. performed prior to the deployment of all FedRAMP cloud systems used by the Bureau. b. used to make an agency-specific authorization decision for the system that is in production and noted in our report.	Not applicable. Implementation in progress.	FY20
The Bureau Can Improve the Effectiveness of Its Life Cycle Processes for FedRAMP (2019-IT-C-009)	7/17/2019	Ensure that a. continuous monitoring information provided by the PMO or the CSP, as appropriate, is obtained and reviewed in a timely manner for all FedRAMP cloud systems used by the Bureau. b. for any gaps identified, including for incident response and contingency testing, a risk assessment is performed to determine appropriate responses.	Not applicable. Implementation in progress.	FY20

Report Title	Report Date	Recommendation	Explanation ⁴	Estimated Completion
The Bureau Can Improve the Effectiveness of Its Life Cycle Processes for FedRAMP(2019-IT-C-009)	7/17/2019	Evaluate and implement, as appropriate, options to obtain additional assurance that electronic media sanitization performed by CSPs renders sensitive Bureau data unrecoverable when assets are decommissioned.	Not applicable. Implementation in progress.	FY20
2019 Audit of the Bureau's Information Security Program (2019-IT-C-015)	10/31/2019	Determine which components of an HVA program are applicable to the Bureau and ensure the implementation of a governance structure and HVA-specific baselines and planning activities, as appropriate.	Not applicable. Implementation in progress.	FY20
2019 Audit of the Bureau's Information Security Program (2019-IT-C-015)	10/31/2019	Ensure that established SA&A processes are performed prior to the deployment of all cloud systems used by the Bureau.	Not applicable. Implementation in progress.	FY20
2019 Audit of the Bureau's Information Security Program (2019-IT-C-015)	10/31/2019	Ensure that user-access agreements are consistently utilized to approve and maintain access to Bureau systems for nonprivileged users.	Not applicable. Implementation in progress.	TBD
2019 Audit of the Bureau's Information Security Program (2019-IT-C-015)	10/31/2019	Conduct a comprehensive, risk-based review to determine the optimal resources and process for prioritizing the review and adjudication of background investigations.	Not applicable. Implementation in progress.	TBD
2019 Audit of the Bureau's Information Security Program (2019-IT-C-015)	10/31/2019	Perform a risk assessment to determine a. the optimal deployment of the Bureau's technology for monitoring and controlling data exfiltration to all network access points. b. appropriate access to internet storage sites.	Not applicable. Implementation in progress.	FY21
2019 Audit of the Bureau's Information Security Program (2019-IT-C-015)	10/31/2019	Ensure that data captured in security and privacy incident processes and tickets are accurate, consistent, and of high quality.	Not applicable. Implementation in progress.	FY20
2019 Audit of the Bureau's Information Security Program (2019-IT-C-015)	10/31/2019	Ensure that system-level BIAs are conducted, as appropriate, and that the results are incorporated into contingency planning strategies and processes.	Not applicable. Implementation in progress.	FY20

