

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 published by the Consumer Financial Protection Bureau (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 (OIG) of the Board of Governors of the Federal Reserve System (FRB) recommendations.

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

1.1 Background

The CFPB was established on July 21, 2010, under Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). It was established as an independent bureau within the Federal Reserve System. The CFPB 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 CFPB 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 the GAO and OIG can be categorized as follows:

- **GAO Annual Financial Statement Audit:** This annual audit is to determine whether the CFPB's financial statements were fairly presented and whether the CFPB's management maintained effective internal control over financial reporting. The annual GAO financial statement audit is a requirement of the Dodd-Frank Act, 12 U.S.C. § 5496a(b).

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

- **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 are undertaken at GAO's own initiative.
- **OIG:** The OIG conducts audits, investigations, and other reviews of the CFPB's program functions. Section 1081 of the Dodd-Frank Act amended the Inspector General Act (IG Act) of 1978 to create one Inspector General for both the FRB and the CFPB and provide the OIG with all the authorities and responsibilities provided by the IG Act with respect to the CFPB.

2. Recommendations

From the inception of the CFPB in July 2010 through December 31, 2023, GAO and OIG have issued a total of 444 recommendations to the CFPB. To date, 403 or 91% have been closed. There are currently 41 open GAO and OIG recommendations, and one recommendation designated as “closed, unimplemented” by GAO. Of the 42 “open” and “closed, unimplemented” recommendations, 35 are public.

- Of the total 444 recommendations, 101 were issued by GAO and 343 were issued by OIG. Of the 343 findings issued by OIG, 320 or 93% have been closed. Of the 101 recommendations issued by GAO, 83 or 82% have been closed.
- In fiscal year 2023, 3 recommendations were issued to the CFPB under 3 reports from GAO and OIG.

2.1 GAO Recommendations

Table 1 provides a list of all open (18) and closed, unimplemented (1) GAO recommendations.

TABLE 1: OPEN GAO RECOMMENDATIONS

Title of Report	Report Date	Recommendation	Justification ²	Estimated Completion
Student Loans: Oversight of Servicemembers' Interest Rate Cap Could Be Strengthened (GAO-17-4)	11/15/2016	To better ensure that servicemembers 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	The CFPB has written agreements (MOUs) in place for interagency coordination and information sharing with the DOJ, the federal prudential regulators, and most state regulators. The CFPB's Office of Servicemember Affairs also meets regularly with the DOJ. The CFPB	NA

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.

Title of Report	Report Date	Recommendation	Justification ²	Estimated Completion
		<p>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.</p>	<p>is always interested in improving cooperation and coordination with its interagency partners and will continue to build upon these mechanisms and relationships. Based on the extensive coordination already occurring among these agencies, however, the CFPB believes that it has complied with the recommendation, and that it may be closed.</p>	
<p>Private Deposit Insurance: Credit Unions Largely Complied with Disclosure Rules, but Rules Should Be Clarified (GAO-17-259)</p>	<p>3/29/2017</p>	<p>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.</p>	<p>At this time, the issues identified by GAO have not been added to CFPB's rulemaking program because the issues do not appear to present significant risk of consumer harm and CFPB has seen no indication of consumer or industry concerns related to this issue.</p>	<p>TBD</p>
<p>Private Deposit Insurance: Credit Unions Largely Complied with Disclosure Rules, but Rules Should Be Clarified (GAO-17-259)</p>	<p>3/29/2017</p>	<p>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.</p>	<p>At this time, the issues identified by GAO have not been added to CFPB's rulemaking program because the issues do not appear to present significant risk of consumer harm and CFPB has seen no indication of consumer or industry concerns related to this issue.</p>	<p>TBD</p>
<p>Private Deposit Insurance: Credit Unions Largely</p>	<p>3/29/2017</p>	<p>To help state credit union supervisors and privately insured credit unions better</p>	<p>At this time, the issues identified by GAO have not been added to</p>	<p>TBD</p>

Title of Report	Report Date	Recommendation	Justification ²	Estimated Completion
Complied with Disclosure Rules, but Rules Should Be Clarified (GAO-17-259)		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.	CFPB's rulemaking program because the issues do not appear to present significant risk of consumer harm and CFPB has seen no indication of consumer or industry concerns related to this issue.	
Community Banks and Credit Unions: Regulators Could Take Additional Steps to Address Compliance Burdens (GAO-18-213)	2/13/2018	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.	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.	Submitted closure package for GAO review	FY23
Consumer Data Protection: Actions	2/21/2019	The Director of CFPB should identify additional	Implementation In Progress	TBD

Title of Report	Report Date	Recommendation	Justification ²	Estimated Completion
Needed to Strengthen Oversight of Consumer Reporting Agencies (GAO-19-196)		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.		
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.	Implementation In Progress	FY24
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.	CFPB does not plan to act on this recommendation because the law does not require nonbank private student loan lenders to seek CFPB's approval of student loan rehabilitation programs. CFPB stated that if a financial institution chooses to offer a private student loan rehabilitation program it would be protected under the Fair Credit Reporting Act.	TBD
Private Student Loans: Clarification from CFPB Could Help Ensure More Consistent Opportunities and	5/24/2019	The Director of CFPB, after consulting with the prudential regulators and relevant industry groups, should provide written clarification on what	The CFPB continues to believe it is premature to act on this recommendation due to pending ongoing work by an industry	TBD

Title of Report	Report Date	Recommendation	Justification ²	Estimated Completion
Treatment for Borrowers (GAO-19-430)		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.	association on what information may be removed from a credit report after successful completion of a private student loan rehabilitation program.	
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.	CFPB stated that the agency communicates supervisory expectations to CRAs through exams and investigations. CFPB has taken actions to convey expectations to CRAs, including holding a joint workshop with FTC in December 2019 on consumer reporting accuracy and publishing Supervisory Highlights citing FCRA violations and the basis for such violations. CFPB believes this recommendation should be closed.	TBD
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.	CFPB stated that the agency communicates supervisory expectations to CRAs through exams and investigations. CFPB has taken actions to convey expectations to CRAs, including holding a joint workshop with FTC in December 2019 on consumer reporting accuracy and publishing Supervisory Highlights	TBD

Title of Report	Report Date	Recommendation	Justification ²	Estimated Completion
			citing FCRA violations and the basis for such violations. CFPB believes this recommendation should be closed.	
Consumer Privacy: Better Disclosures Needed on Information Sharing by Banks and Credit Unions (GAO-21-36)	11/22/2020	The Director of CFPB, in consultation with the other federal financial regulators, should update the model privacy form and, in doing so, consider whether it is feasible to include more comprehensive information about third parties with whom financial institutions share consumer personal information.	Implementation In Progress	FY24
Fair Lending: CFPB Needs to Assess the Impact of Recent Changes to Its Fair Lending Activities (GAO-21-393)	5/6/2021	The Director of CFPB should collect and analyze information on the outcomes of its 2018–2019 fair lending reorganization and use that assessment to address any challenges or unintended consequences resulting from the change.	Implementation In Progress	FY24
Financial Technology: Products Have Benefits and Risks to Underserved Consumers, and Regulatory Clarity is Needed (GAO-23-105536)	3/8/2023	The Director of the Consumer Financial Protection Bureau should issue clarification on the application of the Truth in Lending Act's definition of "credit" for earned wage access products not covered by its November 2020 advisory opinion.	Implementation In Progress	FY24
Blockchain in Finance: Legislative and Regulatory Actions are Needed to Ensure	7/24/2023	The Director of the Consumer Financial Protection Bureau should jointly establish or adapt an existing formal	Implementation In Progress	FY24

Title of Report	Report Date	Recommendation	Justification ²	Estimated Completion
Comprehensive Oversight of Crypto Assets (GAO-23-105346)		<p>coordination mechanism with CFTC, FDIC, the Federal Reserve, NCUA, OCC, and SEC for collectively identifying risks posed by blockchain-related products and services and formulating a timely regulatory response. To facilitate these objectives, this mechanism could include formal planning documents that establish the frequency of meetings and processes for identifying risks and responding to them within agreed-upon time frames.</p>		
Financial Technology: Agencies Can Better Support Workforce Expertise and Measure the Performance of Innovation Offices (GAO-23-106168)	10/6/2023	<p>The Director of the Consumer Financial Protection Bureau should fully incorporate leading workforce planning practices in the primary offices involved in policymaking and oversight related to financial technology by conducting strategic workforce planning that addresses financial technology; collecting staff skillset data and determining the critical financial technology skills the agency needs; developing targeted strategies to address financial technology-related skills gaps; and measuring the effectiveness of its financial technology-</p>	Implementation in Progress	TBD

Title of Report	Report Date	Recommendation	Justification ²	Estimated Completion
		related training in addressing skill needs.		
Financial Technology: Agencies Can Better Support Workforce Expertise and Measure the Performance of Innovation Offices (GAO-23-106168)	10/6/2023	The Director of the Consumer Financial Protection Bureau should develop performance goals and measures for CFPB's Office of Competition and Innovation that cover key aspects of the office's activities, such as outreach to industry participants, and that are clear, targeted, and measurable.	Implementation In Progress	FY26
Financial Technology: Agencies Can Better Support Workforce Expertise and Measure the Performance of Innovation Offices (GAO-23-106168)	10/6/2023	The Director of the Consumer Financial Protection Bureau should develop performance measures that are specific to its strategic objectives related to supervisory technologies.	Implementation In Progress	FY25

2.2 OIG Recommendations

Table 2 provides a list of all 17 open public OIG recommendations.³

TABLE 2: OPEN OIG RECOMMENDATIONS

Report Title	Report Date	Recommendation	Explanation ⁴	Estimated Completion
2014 Audit of the CFPB's Information Security	11/14/2014	Strengthen the CFPB's vulnerability management practices by implementing an	Submitted closure package for OIG review	FY24

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
Program (2014-IT-C-020)		automated solution and process to periodically assess and manage database and application-level security configurations.		
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.	Submitted closure package for OIG review	FY24
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 US Access system upon an individual's separation.	Submitted closure package for OIG review	FY24
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. b. ensuring that optimal resources are allocated to perform vulnerability remediation activities.	Implementation in Progress	FY24
2018 Audit of the Bureau's Information Security Program	10/31/2018	Determine whether established processes and procedures for management of user-access agreements and	Implementation in Progress	FY24

Report Title	Report Date	Recommendation	Explanation ⁴	Estimated Completion
(2018-IT-C-018)		rules-of-behavior forms for privileged users are effective and adequately resourced and make changes as needed.		
The Bureau Can Strengthen Its Hiring Practices and Can Continue Its Efforts to Cultivate a Diverse Workforce (2021-MO-C-006)	3/29/2021	Monitor the use of structured interviews and provide periodic reports tracking the use of structured interviews to senior Bureau officials, such as division and office leaders and the chief operating officer.	Submitted closure package for OIG review	FY24
The Bureau Can Strengthen Its Hiring Practices and Can Continue Its Efforts to Cultivate a Diverse Workforce (2021-MO-C-006)	3/29/2021	Align policy, procedure, and guidance documents with the actual practices related to identifying SMEs early in the hiring process and requiring SME signatures on combined rating sheets.	Submitted closure package for OIG review	FY23
The Bureau Can Strengthen Its Hiring Practices and Can Continue Its Efforts to Cultivate a Diverse Workforce (2021-MO-C-006)	3/29/2021	Implement automated system controls to ensure that key date fields are completed for all hiring actions in the Hiring Tracker database.	Submitted closure package for OIG review	FY23
The Bureau Can	3/29/2021	Update the Measuring and Reporting Time to	Submitted closure	FY23

Report Title	Report Date	Recommendation	Explanation ⁴	Estimated Completion
Strengthen Its Hiring Practices and Can Continue Its Efforts to Cultivate a Diverse Workforce (2021-MO-C-006)		Hire to include a. comprehensive guidance on documenting purposeful omissions in the Hiring Tracker data entry form. b. OHC practices for reviewing the Hiring Tracker database for accuracy and completeness.	package for OIG review	
The Bureau Can Strengthen Its Hiring Practices and Can Continue Its Efforts to Cultivate a Diverse Workforce (2021-MO-C-006)	3/29/2021	Require training for staff responsible for entering information into the Hiring Tracker database on a. using the Hiring Tracker data entry form and database. b. the updated SOP so that practices align with established processes.	Submitted closure package to OIG for review	FY23
The Bureau Can Improve Aspects of Its Quality Management Program for Supervision Activities (2021-SR-C-016)	11/1/2021	Assess the QMP's current staffing level and structure to determine whether additional or dedicated resources are needed or whether the current 25 percent time allotment for conducting QA reviews and the 2-week time allotment for QC reviews should be revised. Develop and implement plans to address the program's staffing needs based on the results of the assessment.	Implementation in Progress	FY24
2022 Audit of the CFPB's Information	9/30/2022	Ensure that the CFPB's new DLP tool is implemented and	Submitted closure	FY24

Report Title	Report Date	Recommendation	Explanation ⁴	Estimated Completion
Security Program (2022-IT-C-014)		configured to monitor traffic across all network access points and environments, as applicable.	package for OIG review	
2022 Audit of the CFPB's Information Security Program (2022-IT-C-014)	9/30/2022	Ensure that policies and supporting procedures for developing and maintaining an enterprise-wide software inventory are developed and maintained.	Implementation in Progress	FY24
2022 Audit of the CFPB's Information Security Program (2022-IT-C-014)	9/30/2022	Ensure that an enterprise-wide software inventory is conducted and maintained.	Implementation in Progress	FY24
2022 Audit of the CFPB's Information Security Program (2022-IT-C-014)	9/30/2022	Ensure the development of policies and procedures for the performance and maintenance of an organization wide BIA.	Implementation in Progress	FY24
2022 Audit of the CFPB's Information Security Program (2022-IT-C-014)	9/30/2022	Update the CFPB's organization wide BIA and ensure that the results are used to make applicable changes to related contingency and continuity plans.	Implementation in Progress	FY24
2023 Audit of the CFPB's Information Security Program (2023-IT-C-016)	9/29/2023	Maintain a comprehensive schedule for testing current contingency plans, documenting test procedures, and maintaining relevant updates to the contingency plan.	Implementation in Progress	FY25