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April 18, 2024

The Honorable Richard J. Durbin
Chairman
The Honorable Lindsey Graham
Ranking Member
Committee on the Judiciary
United States Senate

The Honorable Jim Jordan
Chairman
The Honorable Jerrold Nadler
Ranking Member
Committee on the Judiciary
House of Representatives

Civil Monetary Penalties: Federal Agencies' Compliance with the 2023 Annual Inflation Adjustment Requirements

Civil monetary penalties provide federal agencies with the ability to punish willful and egregious violators, deter future violations, and enforce regulatory policies government-wide. However, the penalties may lose their effectiveness, and the government may lose opportunities to collect significant receipts, if agencies do not periodically adjust them to account for inflation. Congress enacted the Federal Civil Penalties Inflation Adjustment Act of 1990 (IAA)¹ to allow for agencies to adjust their covered civil monetary penalties for inflation, promote compliance, and improve penalty collection.² The act, as amended,³ includes a provision added in 2015 for GAO to submit a report annually to Congress assessing agency compliance with the required civil monetary penalty adjustments.⁴

¹Pub. L. No. 101-410, 104 Stat. 890 (Oct. 5, 1990).

²The Federal Civil Penalties Inflation Adjustment Act of 1990, as amended by the Debt Collection Improvement Act, Pub. L. No. 104-134, § 31001(s)(1), 110 Stat. 1321–373 (Apr. 26, 1996), and the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, Pub. L. No. 114-74, title VII, § 701, 129 Stat. 584, 599–601 (Nov. 2, 2015), is referred to as the Inflation Adjustment Act or IAA and is codified as amended at 28 U.S.C. § 2461 note. The IAA defines a civil monetary penalty as any penalty, fine, or other sanction that is (1) for a specific monetary amount or has a maximum amount, provided for by federal law; (2) assessed or enforced by an agency pursuant to federal law; and (3) assessed or enforced by an agency in an administrative proceeding or a civil action in the federal courts.

³IAA amendments in 2015 made the penalties under the Occupational Safety and Health Act of 1970 and the Social Security Act subject to the inflation adjustment requirements, although those under the Internal Revenue Code of 1986 and the Tariff Act of 1930 remain excluded from coverage.

⁴We reported on the results of our review of agencies' compliance with the 2022 annual inflation adjustment of the civil monetary penalty amounts as the IAA requires in GAO, *Civil Monetary Penalties: Federal Agencies' Compliance with the 2022 Annual Inflation Adjustment Requirements*, [GAO-23-106485](#) (Washington, D.C.: Apr. 27, 2023).

This eighth annual review responds to that statutory requirement. Our objective was to determine how many agencies subject to the IAA published 2023 civil monetary penalty inflation adjustments in the *Federal Register* as of December 31, 2023, and reported information about civil monetary penalties within each agency’s jurisdiction in the 2023 agency financial report (AFR) submitted under Office of Management and Budget (OMB) Circular A-136.⁵ This circular provides guidance to agencies that produce either AFRs or performance and accountability reports, and to government corporations that produce annual management reports.⁶ For purposes of this report, AFR refers to all three types of reports.

To address our objective, we used the list of 48 agencies from our prior report representing the population of agencies that could be subject to the IAA’s applicable provisions.⁷ To assess completeness of the list, we searched the *Federal Register* for civil monetary penalty inflation adjustments that agencies not on the list published in calendar year 2023.⁸ We determined that we should add one additional agency to the list: the National Endowment for the Humanities (NEH). Therefore, we reviewed a total of 49 agencies in 2023.

We reviewed agencies’ inflation adjustments published in the *Federal Register* as of December 31, 2023, and related information reported in the 2023 AFRs. We determined whether the agencies reported information about civil monetary penalties within their jurisdictions, including the 2023 annual inflation adjustment of the civil monetary penalty amounts, pursuant to the IAA and OMB Circular A-136, as applicable.⁹ We verified neither the accuracy of agencies’ inflation adjustments nor reported civil monetary penalty information. We contacted officials at any agency that had not, in whole or in part, published civil monetary penalty inflation adjustments in the *Federal Register* or reported civil monetary penalty information in its AFR to confirm our findings.

We conducted this performance audit from January 2024 to April 2024 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 based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings based on our audit objectives.

In summary, 48 of the 49 agencies we reviewed for 2023 that could be subject to certain requirements of the IAA have complied with the applicable provisions. These agencies published the 2023 annual inflation adjustment of the civil monetary penalty amounts within their

⁵Office of Management and Budget, *Financial Reporting Requirements*, OMB Circular A-136 (Washington, D.C.: May 2023).

⁶Agencies and government corporations generally operate on a fiscal year that ends on September 30 and issue their annual reports in accordance with OMB Circular A-136 (generally mid-November of the same calendar year), although some operate on a different fiscal year basis and may issue their reports on a different date.

⁷This list of agencies includes some government corporations; therefore, in this report, “agency” includes government corporations. See [GAO-23-106485](#).

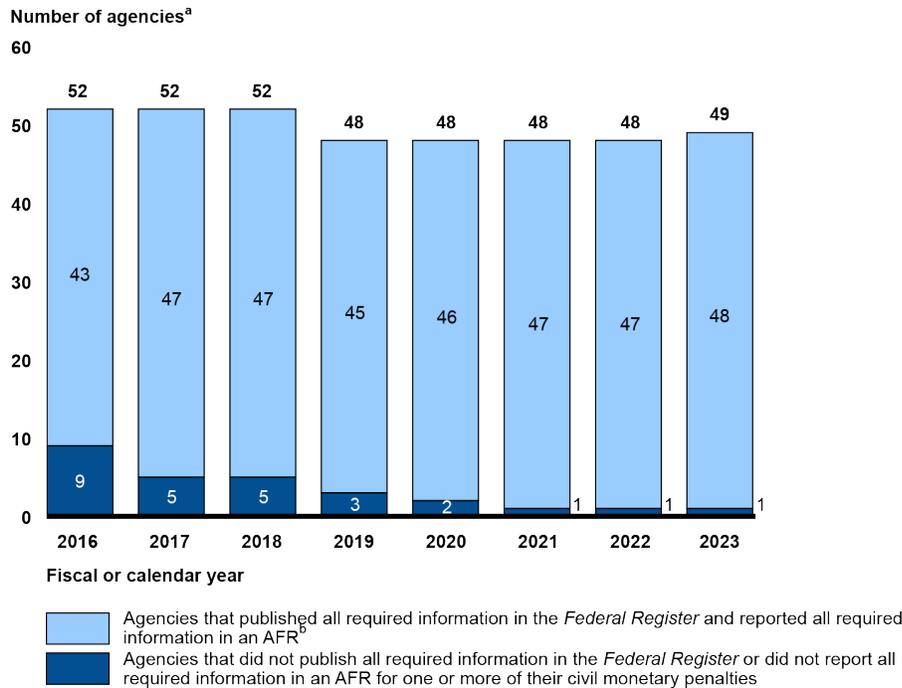
⁸OMB guidance states that agencies are responsible for identifying the civil monetary penalties that fall under the statutes and regulations within their jurisdiction. Because there is no current, comprehensive database that identifies each agency with civil monetary penalty authority subject to the IAA’s applicable provisions, we cannot be sure that we have identified all the agencies or penalties the act covers.

⁹Two agencies reported information about their civil monetary penalties, including the 2023 annual inflation adjustment, in their calendar year 2022 AFRs. For these two agencies, we reviewed the 2022 AFRs.

jurisdictions in the *Federal Register* as of December 31, 2023, and reported related information about civil monetary penalties in their 2023 or 2022 AFRs, as the IAA and OMB Circular A-136 require. One agency—the National Endowment for the Humanities—published the inflation adjustment in the *Federal Register* as of December 31, 2023, but did not report in its 2023 AFR the required information for two of its civil monetary penalties. For details on each agency’s reporting status for 2023, see enclosure I.

Figure 1 summarizes the status of the required reporting since we issued our first report in August 2017.¹⁰ As shown in the figure, most of the agencies that have identified civil monetary penalties under the statutes and regulations within their jurisdiction that are subject to the IAA adjustment provisions have published the inflation adjustment information and reported all required information in the AFR.

Figure 1: Federal Agencies Reporting Civil Monetary Penalty Information, Including the Annual Inflation Adjustments, in the *Federal Register* as of December 31 and in Agency Financial Reports (AFR), 2016–2023



Source: GAO analysis of civil monetary penalty adjustment reporting. | GAO-24-107193

Accessible data for Figure 1: Federal Agencies Reporting Civil Monetary Penalty Information, Including the Annual Inflation Adjustments, in the *Federal Register* as of December 31 and in Agency Financial Reports (AFR), 2016–2023

	Agencies that published all required information in the <i>Federal Register</i> and reported all required information in an AFR	Agencies that did not publish all required information in the <i>Federal Register</i> or did not report all required information in an AFR for one or more of their civil monetary penalties
2016	43	9
2017	47	5

¹⁰GAO, *Civil Penalties: Certain Federal Agencies Need to Improve Efforts to Comply with Inflation Adjustment Requirements*, GAO-17-634 (Washington, D.C.: Aug. 31, 2017).

	Agencies that published all required information in the Federal Register and reported all required information in an AFR	Agencies that did not publish all required information in the Federal Register or did not report all required information in an AFR for one or more of their civil monetary penalties
2018	47	5
2019	45	3
2020	46	2
2021	47	1
2022	47	1
2023	48	1

Source: GAO analysis of civil monetary penalty adjustment reporting. | GAO-24-107193

For years 2016 through 2018, our review included 52 agencies that could be subject to applicable provisions of the Federal Civil Penalties Inflation Adjustment Act of 1990, as amended (IAA). In our 2019 review, we removed four agencies—the Department of Homeland Security/Department of Labor (DHS/DOL) joint rulemaking, International Trade Commission (ITC), Postal Regulatory Commission (PRC), and Tennessee Valley Authority (TVA). We determined that (1) the DHS/DOL joint rulemaking was not applicable to the 2019 annual inflation adjustment, and both departments reported the required information separately; (2) ITC and TVA had determined that they were not subject to the IAA’s applicable provisions; and (3) PRC was not considered an agency under the definition applicable to the act. Therefore, our review for years 2019 through 2022 included a total of 48 agencies. During our review for fiscal year 2023, we identified one additional agency, the National Endowment for the Humanities, that was not previously included on our list, but published an inflation adjustment for calendar year 2023. Therefore, our review for fiscal year 2023 included a total of 49 agencies.

^bResults reported for 2017 only include our assessment of whether agencies reported all required information in the AFR. We limited our review to agencies’ 2017 AFRs, and not the Federal Register publications, for purposes of their 2017 annual inflation adjustment reporting.

Agency Comments

We provided a draft of this report to OMB and NEH for review. OMB informed us that it had no comments on the draft report. NEH stated that it acknowledges the requirement and will ensure that it includes its civil monetary penalty inflation adjustment information in future AFRs.

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We are sending copies of this report to the appropriate congressional committees, the Director of the Office of Management and Budget, the Chair of the National Endowment for the Humanities, and other interested parties. In addition, the report is available at no charge on the GAO website at <https://www.gao.gov>.

If you or your staff have any questions concerning this report, please contact me at (202) 512-9816 or rasconap@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Staff members who made key contributions to this report include Stephanie Chen (Assistant Director), Diana Vu (Auditor-in-Charge), Caitlin Loftus, Diana Lee, and Anthony Clark.



Paula M. Rascona
 Director
 Financial Management and Assurance

Enclosure

Enclosure I: Federal Agencies' Reporting of Required Civil Monetary Penalty Information, Including the 2023 Annual Inflation Adjustment

Table 1 summarizes federal agencies' civil monetary penalty 2023 annual inflation adjustments published in the *Federal Register* as of December 31, 2023, and reported in their 2023 agency financial reports (AFR), pursuant to Office of Management and Budget (OMB) Circular A-136¹ and as the Federal Civil Penalties Inflation Adjustment Act of 1990, as amended (IAA), requires. This circular provides guidance to agencies that produce either AFRs or performance and accountability reports and to government corporations that produce annual management reports.² For purposes of this report, AFR refers to all three types of reports. The agencies are those included in the list of the 49 agencies that could be subject to the IAA's applicable provisions for 2023.

Table 1: Federal Agencies' Reporting of Civil Monetary Penalty Information, Including the 2023 Annual Inflation Adjustment in the *Federal Register* as of December 31, 2023, and in 2023 Agency Financial Reports (AFR)

Agency	Reported civil monetary penalty information		Remarks
	Federal Register	AFR	
1. Commodity Futures Trading Commission	Yes	Yes	N/A
2. Consumer Financial Protection Bureau	Yes	Yes	N/A
3. Corporation for National and Community Service	Yes	Yes	N/A
4. Department of Agriculture	Yes	Yes	N/A
5. Department of Commerce	Yes	Yes	N/A
6. Department of Defense	Yes	Yes	N/A
7. Department of Education	Yes	Yes	N/A
8. Department of Energy	Yes	Yes	N/A
9. Department of Health and Human Services	Yes	Yes	N/A
10. Department of Homeland Security	Yes	Yes	N/A
11. Department of Housing and Urban Development	Yes	Yes	N/A
12. Department of Justice	Yes	Yes	N/A
13. Department of Labor	Yes	Yes	N/A
14. Department of State	Yes	Yes	N/A
15. Department of the Interior (DOI) ^a	Yes	Yes	N/A
16. Department of the Treasury	Yes	Yes	N/A
17. Department of Transportation	Yes	Yes	N/A

¹Office of Management and Budget, *Financial Reporting Requirements*, OMB Circular A-136 (Washington, D.C.: May 2023).

²Agencies and government corporations generally operate on a fiscal year that ends on September 30 and issue their annual reports in accordance with OMB Circular A-136 (generally mid-November of the same calendar year), although some operate on a different fiscal year basis and may issue their reports on a different date.

**Reported civil monetary
penalty information**

Agency	Federal Register	AFR	Remarks
18. Department of Veterans Affairs	Yes	Yes	N/A
19. Environmental Protection Agency	Yes	Yes	N/A
20. Equal Employment Opportunity Commission	Yes	Yes	N/A
21. Farm Credit Administration	Yes	Yes	N/A
22. Farm Credit System Insurance Corporation (FCSIC) ^b	Yes	Yes	N/A
23. Federal Communications Commission	Yes	Yes	N/A
24. Federal Deposit Insurance Corporation (FDIC) ^c	Yes	N/A	N/A
25. Federal Election Commission	Yes	Yes	N/A
26. Federal Energy Regulatory Commission	Yes	Yes	N/A
27. Federal Housing Finance Agency	Yes	Yes	N/A
28. Federal Maritime Commission	Yes	Yes	N/A
29. Federal Reserve Board of Governors (FRB) ^d	Yes	N/A	N/A
30. Federal Trade Commission	Yes	Yes	N/A
31. General Services Administration	Yes	Yes	N/A
32. Merit Systems Protection Board	Yes	Yes	N/A
33. National Aeronautics and Space Administration	Yes	Yes	N/A
34. National Credit Union Administration (NCUA) ^b	Yes	Yes	N/A
35. National Endowment for the Arts	Yes	Yes	N/A
36. National Endowment for the Humanities (NEH)	Yes	NO	On March 30, 2023, NEH published the 2023 annual inflation adjustment for the two civil monetary penalties within its jurisdiction. However, NEH did not report these 2023 annual inflation adjustments in its fiscal year 2023 AFR.
37. National Indian Gaming Commission (NIGC) ^a	Yes	N/A	N/A
38. National Science Foundation	Yes	Yes	N/A
39. National Transportation Safety Board	Yes	Yes	N/A
40. Nuclear Regulatory Commission	Yes	Yes	N/A
41. Office of Government Ethics	Yes	Yes	N/A
42. Office of Personnel Management (OPM)	Yes	Yes	N/A
43. Pension Benefit Guaranty Corporation (PBGC) ^c	Yes	N/A	N/A

**Reported civil monetary
penalty information**

Agency	Federal Register	AFR	Remarks
44. Railroad Retirement Board	Yes	Yes	N/A
45. Securities and Exchange Commission	Yes	Yes	N/A
46. Small Business Administration	Yes	Yes	N/A
47. Social Security Administration	Yes	Yes	N/A
48. Surface Transportation Board	Yes	Yes	N/A
49. United States Postal Service (USPS) ^e	Yes	N/A	N/A
Total number of agencies that did not report all required information in their 2023 AFR for one or more of their civil monetary penalties			1

Legend: ✓ = Yes, X = No, N/A = Not applicable: The agency was not subject to reporting civil monetary penalty information or there are no remarks.

Source: GAO's analysis of civil monetary penalty adjustment reporting. | GAO-24-107193

^aNIGC officials previously stated that NIGC is an independent federal regulatory agency within DOI and that NIGC's financial information is consolidated and reported in DOI's AFR.

^bFCSIC and NCUA reported information about their civil monetary penalties, including the 2023 annual inflation adjustment, in their calendar year 2022 annual reports, issued in July 2023 and March 2023, respectively.

^cFDIC and PBGC are listed under the definition of "government corporation" under 31 U.S.C. § 9101, and Office of Management and Budget (OMB) Circular A-136 does not require government corporations subject to standards promulgated by an entity other than Federal Accounting Standards Advisory Board to report civil monetary penalty information in an AFR.

^dFRB officials previously stated that the Federal Reserve Act (12 U.S.C. § 248b) requires FRB to prepare financial statements, and as such, the OMB Circular A-136 requirement to submit an AFR does not apply.

^eUSPS officials previously stated that pursuant to statute under Title 39, USPS does not submit an AFR under OMB Circular A-136 and therefore is not required to report civil monetary penalties information in an AFR.

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