

GAO Highlights

Highlights of [GAO-17-634](#), a report to congressional committees

Why GAO Did This Study

The IAA includes a provision for GAO to annually submit to Congress a report assessing the compliance of agencies with the inflation adjustments required by the act. Specifically, GAO's objectives were to determine to what extent federal agencies subject to the IAA have complied with the requirements to (1) publish in the *Federal Register* their initial catch-up inflation adjustments and (2) report in the 2016 AFRs information about civil monetary penalties, including the catch-up inflation adjustment of the civil monetary penalty amounts. GAO obtained the population of 52 federal agencies identified by OMB that could be subject to the applicable provisions of the IAA and, for those subject to the requirements, electronically searched the *Federal Register* and reviewed the 2016 AFRs.

What GAO Recommends

GAO recommends that (1) six federal agencies take the necessary actions to meet IAA requirements and (2) OMB clarify its guidance regarding federal agencies' reporting on civil monetary penalties in AFRs. Two of the agencies did not comment on their respective recommendations, while the remaining four all indicated that they were taking actions to address the recommendations made to them. OMB generally agreed with the recommendation addressed to it but suggested a revision to use more broad terms. GAO modified the recommendation accordingly to allow OMB flexibility to meet the intent of the recommendation.

View [GAO-17-634](#). For more information, contact J. Lawrence Malenich at (202) 512-9399 or malenichj@gao.gov.

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CIVIL PENALTIES

Certain Federal Agencies Need to Improve Efforts to Comply with Inflation Adjustment Requirements

What GAO Found

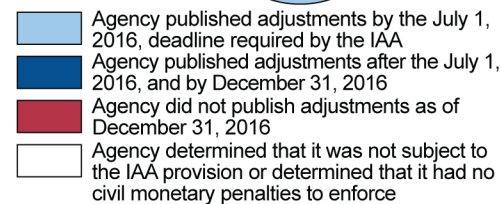
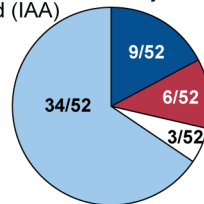
The Federal Civil Penalties Inflation Adjustment Act of 1990, as amended (the IAA) calls for federal agencies to (1) adjust civil monetary penalties for inflation with an initial catch-up inflation adjustment published in the *Federal Register* and (2) report in the 2016 agency financial reports (AFR) civil monetary penalty information, including the catch-up inflation adjustment. The act also requires the Office of Management and Budget (OMB) to issue implementation guidance.

Most federal agencies subject to the IAA complied with the provisions of the act to publish their initial catch-up inflation adjustments in the *Federal Register* no later than July 1, 2016. However, certain federal agencies with civil monetary penalties covered by the IAA did not comply with the statutory requirement. GAO found that six federal agencies did not publish their civil monetary penalty initial catch-up inflation adjustment amounts by December 31, 2016. As a result of GAO inquiries, three of these six subsequently published their catch-up adjustments for inflation in the *Federal Register*.

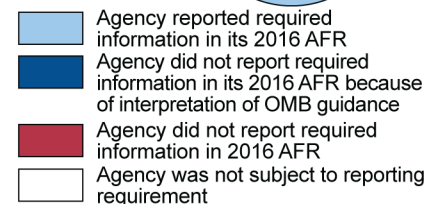
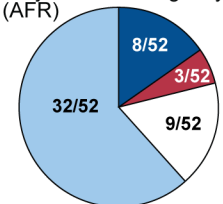
In addition, most federal agencies subject to the IAA complied with the provisions of the act to report civil monetary penalty information in the 2016 AFRs, including the catch-up inflation adjustment. However, certain federal agencies with civil monetary penalties covered by the IAA did not comply with the statutory requirements. Specifically, three federal agencies did not report, in the 2016 AFRs, required information about the civil monetary penalty catch-up inflation adjustment in the 2016 AFRs.

Agency Compliance with Inflation Adjustment Requirements for Civil Monetary Penalties

Number of agencies that published civil monetary penalty initial catch-up inflation adjustments per the Federal Civil Penalties Inflation Adjustment Act of 1990, as amended (IAA)



Number of agencies that reported civil monetary penalty information, including catch-up inflation adjustments in agency financial reports (AFR)



Source: GAO analysis. | GAO-17-634

GAO also found that OMB had not provided clear guidance regarding federal agencies' reporting on civil monetary penalty information in the AFRs. As a result, officials from federal agencies had different interpretations, which could result in inconsistent AFR reporting of such information.