

GAO Highlights

Highlights of [GAO-18-519](#), 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 agencies' compliance with the inflation adjustments required by the act. Specifically, GAO's objective was to determine to what extent federal agencies subject to the IAA have complied with the requirement to report, in their 2017 AFRs submitted under OMB guidance, information about civil monetary penalties within the jurisdiction of the agency, including the 2017 annual inflation adjustment of the civil monetary penalty amounts.

GAO obtained the population of 52 OMB-identified federal agencies that could be subject to the applicable provisions of the IAA and, for those subject to the requirements, reviewed their 2017 AFRs for compliance with the IAA and consistency with OMB guidance.

What GAO Recommends

GAO recommends that five federal agencies report information about civil monetary penalties in their 2018 AFRs, including the inflation adjustment of the civil monetary penalties. One agency—the Department of Transportation—concurred with GAO's recommendation. Two agencies—the Federal Housing Finance Agency and National Endowment for the Arts—indicated that they will take actions to address the recommendations made to them. Two agencies—the Department of the Treasury and National Transportation Safety Board—indicated that they had no comments.

View [GAO-18-519](#). For more information, contact Paula M. Rascona at (202) 512-9816 or rasconap@gao.gov.

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CIVIL PENALTIES

Certain Federal Agencies Need to Improve Inflation Adjustment Reporting

What GAO Found

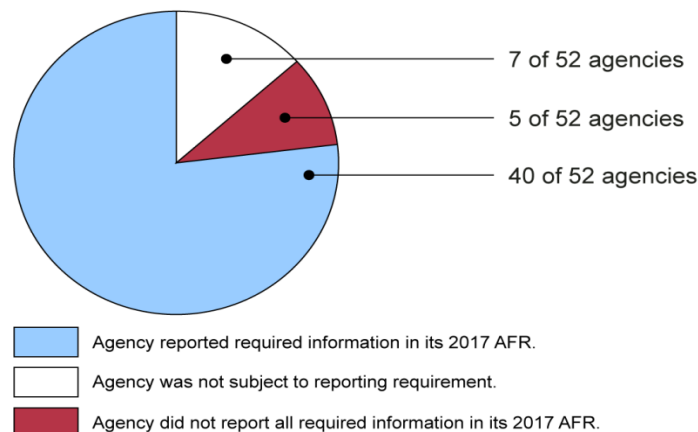
The authority of federal agencies to assess and collect civil monetary penalties is a powerful method for enforcing regulatory policies and deterring violations. In 2017, federal agencies assessed millions of dollars in civil monetary penalties for violations of statutory requirements, such as phone calls that violated federal telemarketing law and failure to report suspicious orders for controlled substances.

The Federal Civil Penalties Inflation Adjustment Act of 1990, as amended (IAA) calls for federal agencies to (1) annually adjust the level of civil monetary penalties and (2) report in their agency financial reports (AFR) civil monetary penalty information, including the adjustment of the civil monetary penalties. The act also requires the Office of Management and Budget (OMB) to issue implementation guidance.

In August 2017, GAO issued its first annual report assessing agencies' compliance with the IAA's requirements, and recommended that (1) three agencies publish their initial catch-up inflation adjustments in the *Federal Register*; (2) three agencies publish civil monetary penalties within their jurisdictions, including any penalty adjustments, in their 2017 AFRs; and (3) OMB clarify its guidance regarding federal agencies' reporting on civil monetary penalties. OMB and the six agencies have addressed GAO's recommendations.

In this second annual review, GAO found that most federal agencies subject to the IAA have complied with the provision of the act to report in their 2017 AFRs information on civil monetary penalties within their jurisdiction, including the 2017 annual inflation adjustment of the civil monetary penalties. However, five federal agencies did not report, in their 2017 AFRs, all required information about the civil monetary penalties.

Federal Agencies' Reporting of Civil Monetary Penalty Information in 2017 Agency Financial Reports (AFR): Number of Agencies That Reported Civil Monetary Penalty Information in Their 2017 AFRs, Including the Annual Adjustment of the Civil Monetary Penalties



Source: GAO analysis of agencies' 2017 AFRs. | GAO-18-519