U.S. GOVERNMENT ACCOUNTABILITY OFFICE

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November 15, 2016

Congressional Committees

Financial Audit: Bureau of Consumer Financial Protection's Fiscal Years 2016 and 2015 Financial Statements

This report transmits the GAO auditor's report on the results of our audits of the fiscal years 2016 and 2015 financial statements of the Bureau of Consumer Financial Protection, known as the Consumer Financial Protection Bureau (CFPB), which is incorporated in the enclosed *Financial Report of the Consumer Financial Protection Bureau for Fiscal Year 2016*.

As discussed more fully in the auditor's report that begins on page 71 of the enclosed agency financial report, we found

- the CFPB financial statements as of and for the fiscal years ended September 30, 2016, and 2015, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- although internal controls could be improved, CFPB maintained, in all material respects, effective internal control over financial reporting as of September 30, 2016; and
- no reportable noncompliance for fiscal year 2016 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

Although CFPB made progress in addressing a continuing significant deficiency[1] in internal control over accounting for property, equipment, and software, during our audit we identified continuing deficiencies in this area. These deficiencies collectively represent a significant deficiency in CFPB's internal control over financial reporting that merits attention by those charged with governance of CFPB.

Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act[2] and the Full-Year Continuing Appropriations Act, 2011,[3] both require GAO to annually audit CFPB's financial statements. This report responds to these requirements.

[1]A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

[2]Pub. L. No. 111-203, title X, § 1017(a)(5), 124 Stat. 1376, 1976-77 (2010), *classified at* 12 U.S.C. § 5497(a)(5).

[3]Pub. L. No. 112-10, div. B, title V, § 1573(a), 125 Stat. 38, 138 (2011), *classified at* 12 U.S.C. § 5496a.

We are sending copies of this report to the Director of the Bureau of Consumer Financial Protection, the Chair of the Federal Reserve, the Inspector General of the Board of Governors of the Federal Reserve System, the Director of the Office of Management and Budget, interested congressional committees and members, and other interested parties. In addition, the report is available at no charge on the GAO website at http://www.gao.gov.

If you or your staffs have any questions concerning this report, please contact me at (202) 512-3406 or malenichj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report.

J. Lawrence Malenich
Director
Financial Management and Assurance

Enclosure

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