



Executive Summary:

The CFPB's Advisory Committees Help Inform Agency Activities, but Advisory Committees' Administration Should Be Enhanced

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Purpose

To meet a Dodd-Frank Wall Street Reform and Consumer Protection Act requirement, in 2012 the Consumer Financial Protection Bureau (CFPB) established the Consumer Advisory Board (CAB). The CFPB also voluntarily established three other advisory committees. The Office of Inspector General conducted an audit to assess the CFPB's compliance with applicable laws and regulations as they relate to advisory committees and the CFPB's administration of its advisory committees, as well as to evaluate the advisory committees' effectiveness in informing the CFPB's activities.

Background

Section 1014 of the Dodd-Frank Wall Street Reform and Consumer Protection Act required the Director of the CFPB to establish the CAB to provide the agency with advice and consultation on consumer-related activities and products, as well as information on emerging practices in the consumer financial products or services industry. In addition to establishing the CAB, the Director of the CFPB voluntarily created the Community Bank Advisory Council (CBAC), the Credit Union Advisory Council (CUAC), and the Academic Research Council (ARC) to obtain advice from consumer financial industry experts. The CFPB's Office of Advisory Board and Councils is responsible for administering the CAB, the CBAC, and the CUAC, and the CFPB's Office of Research is responsible for administering the ARC. For the period we reviewed, the CFPB was not required to comply with the Federal Advisory Committee Act, which governs the activities of advisory committees; however, in December 2015, the Dodd-Frank Wall Street Reform and Consumer Protection Act was amended to require the CFPB to comply with the Federal Advisory Committee Act for each advisory committee.

Findings

Overall, we found that the CFPB advisory committees were generally effective and were operating in compliance with applicable laws and regulations for the period we reviewed. We also found that the CFPB should improve its administration of advisory committee activities. Specifically, the Office of Advisory Board and Councils and the Office of Research can improve their administrative processes by formally tracking the clearance process of documents before dissemination to advisory committee members, determining an optimal method to identify conflict of interests for certain members, retaining application materials, posting summaries of advisory committee meetings to the CFPB's Advisory groups webpage, and centrally retaining advisory committee expenditure information. In addition, we found that assessing advisory committee effectiveness can assist the CFPB in determining whether the committees provide the agency with information and perspectives that help inform agency activities.

Recommendations

Our report contains recommendations designed to improve the CFPB's administrative processes and to establish the formal monitoring of the effectiveness of advisory committee activities. In its response to our draft report, the CFPB concurs with our recommendations. The agency describes actions that have been and will be taken to improve the CFPB's administration of its advisory committees as well as the monitoring of advisory committee effectiveness.