

# Office of Inspector General

## Evaluation of the Consumer Financial Protection Bureau's Consumer Response Unit



**Consumer Financial Protection Bureau**

**September 2012**



OFFICE OF INSPECTOR GENERAL  
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
CONSUMER FINANCIAL PROTECTION BUREAU

September 28, 2012

**MEMORANDUM**

**TO:** Scott D. Pluta  
Assistant Director, Consumer Response Center

**FROM:** Anthony J. Castaldo *Anthony Castaldo*  
Associate Inspector General for Inspections and Evaluations

**SUBJECT:** OIG Report: *Evaluation of the Consumer Financial Protection Bureau's Consumer Response Unit*

Attached is a copy of an evaluation report that the Office of Inspector General recently completed concerning the Consumer Financial Protection Bureau's (CFPB's) Consumer Response unit. The objectives of our evaluation were to (1) evaluate the process the CFPB has established to receive, respond to, and track consumer complaints; (2) assess the CFPB's coordination with federal and state agencies regarding the processing and referral of complaints; and (3) determine the extent to which the CFPB is assessing its effectiveness and timeliness in responding to consumer complaints.

To accomplish our objectives, we reviewed various CFPB documents for the Consumer Response unit. We also interviewed CFPB program officials and staff, including the Assistant Director for Consumer Response, and observed CFPB staff navigating the complaint management system. We conducted our fieldwork from October 2011 through May 2012 in accordance with the *Quality Standards for Inspection and Evaluation* issued by the Council of the Inspectors General on Integrity and Efficiency.

We found that, overall, the CFPB has a reasonable process to receive, respond to, and track consumer complaints. In addition, the CFPB's consumer response process generally complies with Dodd-Frank Wall Street Reform and Consumer Protection Act requirements, the Privacy Act, and industry best practices. However, as the CFPB has only been receiving consumer complaints since July 2011 and plans to accept complaints about additional financial products and services, we identified areas in which the CFPB can improve its processes and strengthen controls in the Consumer Response unit. Our report contains five recommendations designed to improve the processing of complaints and enhance the CFPB's ability to assess its effectiveness and timeliness in responding to consumer complaints.

We provided you with a copy of our draft report for review and comment. In your response, included in appendix 1, you discussed the actions that have been taken, are underway, or are planned to address the report's recommendations. In our opinion, the efforts described are appropriate for the recommendations, and we plan to follow up on the CFPB's actions to ensure that the recommendations are fully addressed.

We appreciate the cooperation that we received from CFPB staff during our evaluation. The principal contributors to this report are listed in appendix 2. This report will be added to our public website and will be summarized in our next semiannual report to Congress. Please contact Timothy Rogers, Senior OIG Manager, at 202-973-5042 or me at 202-973-5024 if you would like to discuss this report or any related issues.

Enclosure

cc: Rajeev V. Date  
Victor I. Prince  
Meredith Fuchs  
To-Quyen T. Truong

# **Office of Inspector General**

## **Evaluation of the Consumer Financial Protection Bureau's Consumer Response Unit**



**Consumer Financial Protection Bureau**

**September 2012**



## **Abbreviations**

CFPB	Consumer Financial Protection Bureau
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
FTC	Federal Trade Commission
GAO	U.S. Government Accountability Office
OCC	Office of the Comptroller of the Currency
PII	Personally Identifiable Information
QA	Quality Assurance



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## Background

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) established the Consumer Financial Protection Bureau (CFPB) to “regulate the offering and provision of consumer financial products or services under the Federal consumer financial laws.”<sup>1</sup> In carrying out these responsibilities, a primary function of the CFPB is the supervision of banks, savings associations, and credit unions with total assets of more than \$10 billion and certain nonbank entities, hereafter referred to as companies.<sup>2</sup> Additionally, the Dodd-Frank Act mandated that the CFPB “establish a unit whose functions shall include establishing a single, toll-free telephone number, a website, and a database . . . to facilitate the centralized collection of, monitoring of, and response to consumer complaints regarding consumer financial products or services” offered by the companies under its jurisdiction.<sup>3</sup> The Dodd-Frank Act also requires that the CFPB coordinate with other federal agencies to appropriately process complaints.<sup>4</sup>

To satisfy the Dodd-Frank Act’s requirements for processing consumer complaints, the CFPB created the Consumer Response unit, which comprises four sections: Intake, Investigations, Product Management, and Operations. The CFPB also contracted for a secure complaint management system and contact centers to receive consumer complaints by phone, postal mail, e-mail, and fax. The contact centers also provide complaint status updates to consumers.

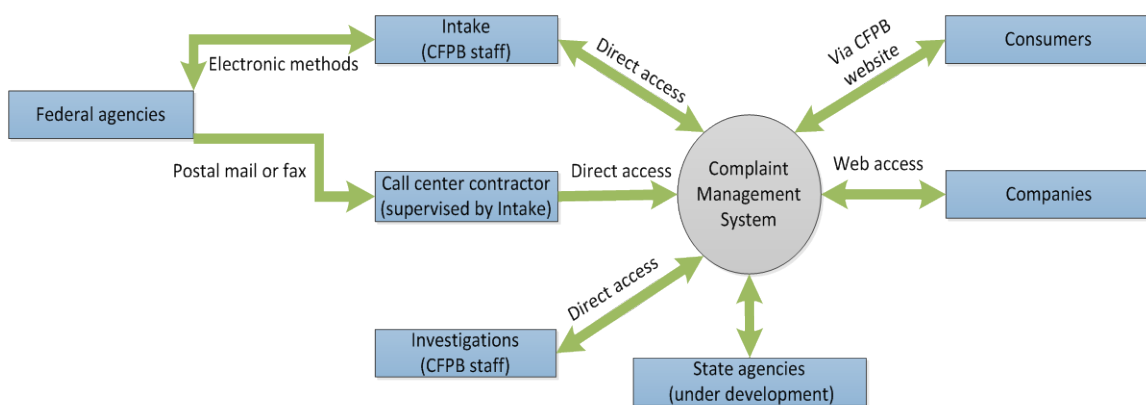
### *The CFPB’s Consumer Complaint Process*

All complaints, regardless of how they are transmitted to the CFPB, are processed through the complaint management system. As shown in figure 1, companies and consumers have secure access to the CFPB’s complaint management system. Consumers may enter complaints directly into the complaint management system through the secure website or may submit complaints by phone, postal mail, e-mail, or fax to the contact centers for manual entry into the system. Companies access the secure system to check for new complaints received from the CFPB. Companies also use the system to manage the complaints and submit responses to the consumer

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1. Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, § 1011(a), 124 Stat. 1376, 1964 (2010) (codified at 12 U.S.C. § 5491(a) (2010)).
  2. The nonbank entities over which the CFPB has supervisory jurisdiction include residential mortgage originators, brokers, and servicers; private education lenders; payday lenders; and other “larger participants” in the market for consumer financial products and services. The CFPB is required to define the term “larger participants” by rule, but did not have a finalized rule at the time of our review.
  3. Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, § 1013(b)(3)(A), 124 Stat. 1376, 1969 (2010) (codified at 12 U.S.C. § 5493(b)(3)(A) (2010)).
  4. The Dodd-Frank Act requires the CFPB to enter into a memorandum of understanding with “any affected Federal regulatory agency regarding procedures by which any covered person, and the prudential regulators, and any other agency having jurisdiction over a covered person, including the Secretary of the Department of Housing and Urban Development and the Secretary of Education, shall comply with this section.” Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, § 1034(d), 124 Stat. 1376, 2009 (2010) (codified at 12 U.S.C. § 5534(d) (2010)). The term “covered person” is defined as “any person that engages in offering or providing a consumer financial product or service,” as well as any affiliate thereof if the affiliate acts as a service provider to such person. Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, § 1002(6), 124 Stat. 1376, 1956 (2010) (codified at 12 U.S.C. § 5481(6) (2010)).

and the CFPB. Consumers receive an e-mail alert when a complaint has been routed to the company that is the subject of the complaint or when the CFPB refers the complaint to another agency. An e-mail alert is also sent to the consumer when the company provides a response. Consumers may access the complaint management system to check the status of their complaint and to view the company response. Consumers may submit a dispute to the CFPB if they disagree with a company response, which will prompt a CFPB review. A complaint may be closed after the company has provided a resolution or after the CFPB has completed its review. When the complaint is closed, consumers receive a final e-mail alert from the CFPB.

**Figure 1: Stakeholders’ access to the Consumer Response unit’s complaint management system**



### *Intake Section*

The Consumer Response unit’s Intake section staff are responsible for processing complaints in the complaint management system. Contractors manually enter into the complaint management system those complaints received through the contact centers by phone, postal mail, e-mail, and fax, including mailed or faxed referrals from federal or state agencies. Generally, CFPB Intake staff manually enter e-mail referrals from federal and state agencies as well as referrals directly acquired from another federal agency’s system.

After a complaint is entered into the system, an Intake employee determines whether the consumer complaint is within the CFPB’s regulatory authority. If the complaint is not within the CFPB’s jurisdiction, the Intake employee forwards the complaint information electronically to the appropriate regulatory agency. If the complaint is within the CFPB’s jurisdiction, the Intake employee routes the complaint to the appropriate company through the complaint management system.

### *Investigations Section*

Complaints are sent to the Investigations section when the consumer disputes the company’s response or the company does not respond timely. The Consumer Response unit may periodically investigate other complaints, selected through a sampling process, to perform trend analysis. The Investigations section reviews the initial complaint and the company response and may ask companies and consumers for additional documentation. The Investigations section

then determines whether the company violated any federal consumer financial laws. Cases involving suspected violations are escalated within the Investigations section for additional review. If Investigations finds a violation, the Consumer Response unit notifies the CFPB divisions responsible for either supervision or enforcement, or both.

### *Product Management Section*

The Product Management section is responsible for reporting consumer complaint data, preparing Consumer Response policies and procedures and, in the future, facilitating quality assurance (QA) reviews of the consumer response process and staff performance. The section also manages stakeholder relations by coordinating with companies to provide them access to the complaint management system for the purpose of responding to consumer complaints. In addition, it oversees the continuing development of the complaint management system to incorporate all financial products offered by companies under the CFPB's jurisdiction. Due to the continuing development of the Consumer Response unit, the CFPB decided to incrementally accept complaints according to the type of financial product. As such, the CFPB began responding to consumers' complaints regarding credit cards on July 21, 2011; mortgages on December 1, 2011; and bank accounts and services, private student loans, and other consumer loans on March 1, 2012. The CFPB expects to assume the responsibility for processing complaints about the remaining financial products and services, including nonbank products, by the end of 2012.

### *Operations Section*

Finally, the Operations section recruits, hires, and trains employees for the Consumer Response unit. It is also responsible for the Consumer Response unit's budget and facilities.

## **Objectives, Scope, and Methodology**

Our objectives were to (1) evaluate the process the CFPB has established to receive, respond to, and track consumer complaints; (2) assess the CFPB's coordination with federal and state agencies regarding the processing and referral of complaints; and (3) determine the extent to which the CFPB is assessing its effectiveness and timeliness in responding to consumer complaints.

We based our evaluation on an analysis of select provisions of the Dodd-Frank Act, the Privacy Act, relevant Office of Management and Budget guidance, the U.S. Government Accountability Office's (GAO's) *Internal Control Management and Evaluation Tool*, and policies and procedures of the CFPB's Consumer Response unit. We benchmarked the CFPB's activities to the consumer response practices of two federal regulators—the Federal Trade Commission (FTC) and the Board of Governors of the Federal Reserve System. We also considered information regarding industry best practices for processing consumer complaints from several benchmarking and audit reports.

To accomplish our objectives, we reviewed various CFPB documents for the Consumer Response unit, including organizational charts and position descriptions, the standard operating

procedures for processing complaints, memorandums of understanding with federal and state regulators, consumer response and privacy training materials, performance measurement tools, and meeting minutes and agendas. We also interviewed CFPB program officials and staff, including the Assistant Director for Consumer Response, and observed CFPB staff navigating the complaint management system. We conducted our fieldwork from October 2011 through May 2012 in accordance with the *Quality Standards for Inspection and Evaluation* issued by the Council of the Inspectors General on Integrity and Efficiency.

We evaluated the CFPB’s practices by assessing a judgmental sample of complaints that the CFPB received from July 21, 2011, to January 31, 2012. During this period, the CFPB received 18,286 consumer complaints. As shown in figure 2, the largest percentage of consumer complaints were received via the CFPB’s website.

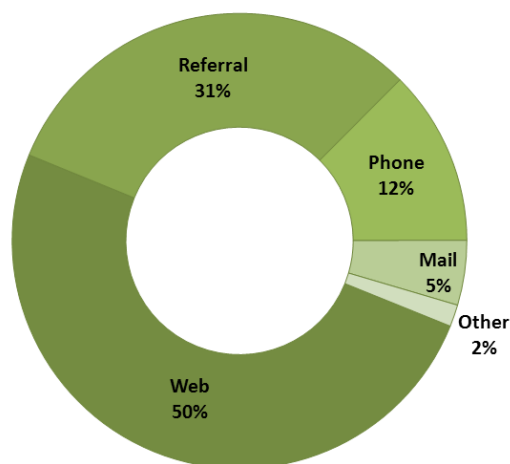
Our analysis was subject to certain limitations because the Consumer Response unit’s automated processes are evolving. During our review period, several performance metrics for certain steps within the consumer response process were changing and had not yet been finalized. In addition, we noted that the Investigations section did not have a customized interface to the complaint management system until December 1, 2011, which limited our ability to assess performance metrics prior to the date Investigations staff performance was reflected in the system.

Our analysis was also limited by the CFPB’s available documentation of (1) its referrals to and from certain federal agencies—the Office of the Comptroller of the Currency (OCC) and the FTC—and (2) of the contact centers’ QA reviews. Unlike CFPB referrals to most other agencies, CFPB Intake staff refer and receive complaints through direct access to the OCC’s secure complaint management system, which only allows viewable records to remain in the system for a limited period of time. In addition, Intake staff use a secure link provided by the FTC to submit referrals to the agency; therefore, documentation of the transmittal of the complaints between the CFPB and these two federal agencies was not available. Additionally, our ability to determine which complaints in our sample were QA reviewed was limited because the contact centers track QA reviews by a unique evaluation identifier rather than by the CFPB’s complaint number.

## Findings and Recommendations

Overall, we found that the CFPB has a reasonable process to receive, respond to, and track consumer complaints. In addition, the CFPB’s consumer response process generally complies with Dodd-Frank Act requirements, the Privacy Act, and industry best practices. The CFPB has

**Figure 2: Source of CFPB complaints, July 21, 2011, through January 31, 2012**



a comprehensive manual of standard operating procedures for processing complaints. The manual includes internal controls to mitigate risk in processing consumer complaints. Through our analysis and testing of the CFPB's consumer response procedures, we found that complaints were being processed between the Consumer Response unit sections as detailed in the manual. The analysis of our complaint sample revealed that, on average, the CFPB took 3 calendar days to assign a complaint to an Intake employee once the case was created in the complaint management system. We also learned that the CFPB took an average of 8 calendar days to manually enter e-mailed referrals into the complaint management system. In addition, Intake staff, on average, forwarded complaint cases to the applicable company for response in 8 calendar days of case assignment. Among the complaints we reviewed for which the applicable company had submitted a final response, we determined that, on average, companies provided a final response to the CFPB and the consumer in approximately 12 calendar days from when the complaint was forwarded to the company. Further, no issues came to our attention to indicate noncompliance with or internal control weaknesses related to the following:

- the size and nature of the Consumer Response unit's organizational structure
- oversight of the contracted contact centers
- communication within the Consumer Response unit and throughout the CFPB
- coordination with other regulatory agencies for complaint referrals
- the CFPB's schedule for the incremental acceptance of complaints by financial product

However, the CFPB can improve processes and strengthen controls in the Consumer Response unit to address the following:

- inaccurate manual data entry of consumer complaints
- inconsistent complaint management system data
- lack of a finalized agency-wide privacy policy
- lack of a comprehensive QA program
- lack of a centralized tracking system for QA reviews

The following recommendations address each of these areas.

**Objective 1: Evaluate the process the CFPB has established to receive, respond to, and track consumer complaints.**

- 1. We recommend that the Assistant Director of the Consumer Response unit implement more robust internal controls for manual data entry to reduce the risk that information is captured incorrectly in the complaint management system.*

According to GAO internal control standards for information processing, "the agency shall employ a variety of control activities suited to . . . ensure accuracy and completeness." Our review noted that either contact center contractors or Intake staff manually enter information into the complaint management system for all complaints not submitted through the secure website. We found that CFPB Intake staff had incorrectly entered certain elements of consumers' contact information, such as state or zip code, for 18 of the 85 sampled referrals received by e-mail or directly from the OCC's system, or 21 percent. A CFPB official noted that initially, the agency's

manual data entry process was subject to 100 percent verification, but when complaint volume increased, the agency did not have sufficient resources to verify all manually entered data. We believe that the CFPB should implement additional internal controls for the manual entry of complaint information to reduce the incidence of incorrect information in the complaint management system.

### **Management Response**

Regarding recommendation 1, the Assistant Director stated the following:

Management concurs with this recommendation, while noting that significant progress has been made since the audit was conducted. Consumer Response has taken proactive steps to improve the accuracy and completeness of consumer complaints entered into the case management system, having implemented system enhancements to reduce manual data entry, increased processing capacity for data entry by shifting portions of this function to the contact center, and implemented several continuous improvement efforts.

See appendix 1 for additional management comments related to this recommendation.

### **OIG Comment**

In our opinion, the actions described by the Assistant Director are appropriate for the recommendation, and we plan to follow up on the Consumer Response unit's actions to ensure that the recommendation is fully addressed.

- 2. We recommend that the Assistant Director of the Consumer Response unit (1) identify and remediate the cause of the data discrepancies throughout the complaint management system and (2) conduct periodic reviews to ensure data consistency in the complaint management system.***

We reviewed several complaint management system reports and found complaint status indicators that were inconsistent between reports. For example, one report indicated that some complaints were "pending company match" because the CFPB had not yet provided the company with access to the complaint management system; however, another report showed that the CFPB had forwarded these same complaints to the company. We also found instances in which one report showed that automated e-mails were sent to a consumer, while another report indicated that the CFPB had not yet corresponded with that consumer. We believe that identifying and remediating the cause of data discrepancies would improve the accuracy of the information in the complaint management system. Also, periodic system reviews would decrease the likelihood of additional inconsistencies that would hamper the effective processing of complaints.

## **Management Response**

Regarding recommendation 2, the Assistant Director stated the following:

Management concurs with this recommendation. Management believes that improvements implemented since the audit was conducted address the underlying causes of data inconsistencies. Furthermore, Consumer Response has established a Data Management and Analysis team to ensure the quality of Consumer Response data, among other responsibilities. This team has and continues to initiate projects to periodically review and improve data quality.

## **OIG Comment**

In our opinion, the actions described by the Assistant Director are appropriate for the recommendation. We plan to follow up on the Consumer Response unit's actions to determine whether improvements have addressed the underlying causes of data discrepancies and that the CFPB is conducting periodic reviews to ensure data consistency.

### ***3. We recommend that the CFPB finalize and disseminate an agency-wide privacy policy.***

An Office of Management and Budget memorandum related to government agency protection of personally identifiable information (PII) states that it is “the responsibility of each agency head to develop and implement an appropriate policy outlining the rules of behavior and identifying consequences and corrective actions available for failure to follow these rules.”<sup>5</sup> We found that the CFPB did not have an agency-wide privacy policy even though the agency has been collecting consumer complaint information since July 2011. The CFPB privacy policy has been in draft form since at least February 2012.

Notwithstanding the lack of a finalized agency-wide privacy policy, the CFPB, through the Department of the Treasury, provides privacy training for each employee and has controls to protect PII in the Consumer Response unit. For example, the complaint management system is a secure database with system access levels based on the role of the user. In addition, the access level granted to Intake staff does not allow them to view credit card numbers in the complaint management system. While the CFPB provides privacy training and has a privacy policy in draft form, we believe the policy should be finalized and implemented expeditiously to provide employees with formalized guidance on the protection of PII.

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5. Office of Management and Budget Memorandum M-07-16, *Safeguarding Against and Responding to the Breach of Personally Identifiable Information* (May 22, 2007).



## **Management Response**

Regarding recommendation 3, the Assistant Director stated the following:

Management concurs with this recommendation, but notes that improvements implemented since the audit was conducted address this recommendation. In July 2012, Consumer Response finalized the Consumer Data Access Policy to ensure that the CFPB grants access to personally identifiable information (PII) only to authorized personnel with a *bona fide* need to access that information. The policy applies to Consumer Response's case management system and any information derived therefrom. In August 2012, the Assistant Director of Consumer Response communicated this policy throughout the CFPB with instructions on how to comply with this policy by the August 23, 2012 deadline for submission of completed Data Access Request Forms. On August 24, 2012, access to the Consumer Response case management system was suspended for any existing users not in compliance with the policy.

## **OIG Comment**

In our opinion, the actions described by the Assistant Director are appropriate as they pertain to protecting PII associated with consumer complaints. Our follow-up work will verify that the Consumer Data Access Policy has been implemented on an agency-wide basis.

### **Objective 2: Assess the CFPB's coordination with federal and state agencies regarding the processing and referral of complaints.**

We found that the CFPB is adequately coordinating with federal and state agencies; thus, we make no recommendations associated with this objective. According to CFPB officials, prior to the launch of the CFPB's Consumer Response unit, the CFPB held several meetings with other regulatory agencies to understand how their agencies received and responded to complaints. In addition, the CFPB established information-sharing agreements with each federal regulator that transferred consumer response functions to the CFPB, as well as with the Conference of State Bank Supervisors.<sup>6</sup> The CFPB continues to have meetings with other regulatory agencies to coordinate and improve its complaint referral process, and according to a CFPB official, it is working with federal agencies on improved methods to exchange data.

The CFPB anticipates that referrals from state agencies will increase as the CFPB begins accepting complaints regarding nonbank products. At the time of our review, state agencies were sending referrals to the CFPB through postal mail. The CFPB held meetings with state agencies to discuss creating a secure website through which states could access the complaint management system, as well as developing other methods through which state agencies could

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6. The Conference of State Bank Supervisors represents various state regulators that supervise institutions and other entities that offer consumer financial products and services.

send complaints to the CFPB. According to a CFPB official, as of May 14, 2012, the first version of the secure website for state agency referrals was under development and tentatively scheduled to begin operating in the fourth quarter of 2012.

**Objective 3: Determine the extent to which the CFPB is assessing its effectiveness and timeliness in responding to consumer complaints.**

***4. We recommend that the Assistant Director of the Consumer Response unit finalize and timely implement a comprehensive QA program.***

The GAO internal control standards state that an agency should establish and monitor performance measures and indicators. The CFPB established performance metrics for consumer response Intake and Investigations employees and contact center contractors to assess timeliness and effectiveness. The CFPB plans to establish a QA team in the Product Management section that will be responsible for independent reviews of Intake and Investigations. We found that although the CFPB created positions for independent QA specialists in the Product Management section, it had not filled these positions at the time of our review.

During our review, the contracted contact centers had an established QA program; however, the CFPB was in the early stages of establishing QA programs within the Intake and Investigations sections. Team leads and designated staff perform QA reviews intended to monitor staff performance by assessing the extent to which metrics are achieved. We found that as the CFPB continued to develop its QA programs within the Intake and Investigations teams, each section had limited staff resources to perform assessments.

For example, the Intake QA program began to formally monitor the complaint processing accuracy and efficiency of Intake employees in January 2012. However, less than one month later, the program was suspended to divert staff resources to respond to the large increase in complaint volume. The Intake QA program was reinitiated with revisions several months later. When the Investigations QA program began, only one individual was responsible for completing all QA reviews. In addition, during our evaluation, the Investigations team had several vacant positions and was operating under an interim QA plan while the final program was under development. We believe that a comprehensive QA program, including independent QA reviews by the Product Management section and QA reviews within the Intake and Investigations sections, is vital for increasing accountability, improving accuracy, and strengthening overall performance.

**Management Response**

Regarding recommendation 4, the Assistant Director stated the following:

Management concurs with this recommendation, while noting that significant progress has been made since the audit was conducted. Consumer Response is pursuing a two-phase approach to implement and support a comprehensive quality assurance program across the complaint handling process.

As part of Phase 1, Consumer Response continues to strengthen the inline quality assurance functions within the Intake and Investigations sections, which are managed independently from line management. Both sections have hired or dedicated resources to lead the quality assurance functions and are in the process of expanding quality assurance capacity.

The Assistant Director also stated the following:

In Phase 2, the Product Management section will launch its program of ongoing, independent quality reviews of all core Consumer Response functions, including Intake, Investigations, Stakeholder Management, and Operations. A comprehensive quality assurance plan, including position descriptions for approved quality assurance vacancies is currently in progress.

See appendix 1 for additional management comments related to this recommendation.

### **OIG Comment**

In our opinion, the actions described by the Assistant Director are appropriate for the aspects of the recommendation related to establishing QA programs within the Intake and Investigations sections. The Assistant Director describes plans for a comprehensive QA program in the Product Management section and indicates that position descriptions have yet to be finalized. We plan to follow up on the Consumer Response unit's actions to ensure that the recommendation is fully addressed and that specific time frames are established.

- 5. We recommend that the Assistant Director of the Consumer Response unit develop a process that consolidates all QA review results and that provides the capability to clearly identify the specific complaints reviewed and track the reviews by section.***

Our benchmarking analysis revealed that the FTC Consumer Response Center consolidates all QA review information. In contrast, we found that the CFPB's QA reviews are retained separately by the Intake section, the Investigations section, and the contact centers. This fragmented approach to retaining records associated with QA reviews makes it difficult for the Consumer Response unit to quantify the number of reviews completed. In addition, the Consumer Response unit cannot readily determine which specific complaints received a QA review. For example, the contact center QA reviews are saved by a unique evaluation identifier rather than by the CFPB's complaint number. As a result, we were unable to identify the complaints in our sample that received contact center QA reviews. We believe that a process that consolidates and readily identifies specific complaints reviewed would allow the CFPB to track results across sections and reduce the potential for duplicative reviews.

## **Management Response**

Regarding recommendation 5, the Assistant Director stated the following:

Management concurs that Consumer Response should consolidate the results of quality assurance reviews across sections and ensure that review results can be tracked back to the consumer complaint reviewed. . . . Consumer Response will continue to refine its approach to tracking quality assurance results to consumer complaints.

See appendix 1 for additional management comments related to this recommendation.

## **OIG Comment**

In our opinion, the actions described by the Assistant Director are appropriate for the recommendation, and we plan to follow up on the Consumer Response unit's actions to ensure that the recommendation is fully addressed.



## **Appendixes**



## Appendix 1—Management Comments



Consumer Financial  
Protection Bureau

1700 G ST NW, Washington DC 20552

September 25, 2012

Mr. Mark Bialek  
Inspector General  
Board of Governors of the Federal Reserve System & Consumer Financial Protection Bureau  
20th and C Streets, NW  
Washington, DC 20551

Dear Mr. Bialek,

Thank you for the opportunity to review and comment on the Office of Inspector General's draft report of the *Evaluation of the Consumer Financial Protection Bureau's Consumer Response Unit*. We have reviewed the report and concur with the recommendations.

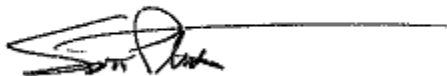
The Consumer Financial Protection Bureau's (CFPB) Office of Consumer Response was established by statute "to facilitate the centralized collection of, monitoring of, and response to consumer complaints regarding consumer financial products and services." Consumer Response designed and developed its complaint processing processes, operations, and supporting systems within a very tight timeframe leading up to the July 21, 2011 launch. Since that time Consumer Response continues to review our processes, operations, and systems to identify opportunities for improvements.

We are pleased that you agree that the CFPB has a reasonable and comprehensive process to receive, respond to, and track consumer complaints; that Consumer Response complies with requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Privacy Act, and industry best practices; and that complaints are processed as described in the standard operating procedures, which are comprehensive and include internal controls to mitigate risk. We are also pleased that in your review, no issues were identified to indicate noncompliance with or internal control weaknesses related to: the size and nature of the Consumer Response's organizational structure, oversight of the contracted contact centers, communication within Consumer Response and throughout the CFPB, coordination with other regulatory agencies for complaint referrals, or the CFPB's schedule for the incremental acceptance of complaints by financial product.



Thank you again for the opportunity to comment on the report. We provide the following comments for each recommendation.

Sincerely,



Scott Pluta  
Assistant Director for Consumer Response

*Recommendation 1: We recommend that the Assistant Director of the Consumer Response unit implement more robust internal controls for manual data entry to reduce the risk that information is captured incorrectly in the complaint management system.*

Management concurs with this recommendation, while noting that significant progress has been made since the audit was conducted. Consumer Response has taken proactive steps to improve the accuracy and completeness of consumer complaints entered into the case management system, having implemented system enhancements to reduce manual data entry, increased processing capacity for data entry by shifting portions of this function to the contact center, and implemented several continuous improvement efforts.

System enhancements include the development of an application programming interface with the Office of the Comptroller of the Currency (OCC) that automates the transfer of data from OCC systems to the CFPB case management system, the implementation of an enhancement to enable staff to enter the consumer contact information once and populate remaining contact fields with this information, where appropriate, reducing the need for redundant data entry, and the development of a workspace designed specifically to facilitate more intuitive data entry by Consumer Response and contact center staff for complaints received by mail, fax, or referral. Together these system enhancements have greatly reduced the manual data entry required by Consumer Response and contact center staff, improving efficiency and accuracy.

Over the next year, we will continue to seek additional opportunities to improve our data entry quality by reducing manual data entry where possible and implementing system validation checks to ensure consistency and accuracy.

*Recommendation 2: We recommend that the Assistant Director of the Consumer Response unit (1) identify and remediate the cause of the data discrepancies throughout the complaint management system and (2) conduct periodic reviews to ensure data consistency in the complaint management system.*

Management concurs with this recommendation. Management believes that improvements implemented since the audit was conducted address the underlying causes of data inconsistencies. Furthermore, Consumer Response has established a Data Management and

Analysis team to ensure the quality of Consumer Response data, among other responsibilities. This team has and continues to initiate projects to periodically review and improve data quality.

*Recommendation 3: We recommend that the CFPB finalize and disseminate an agency-wide privacy policy.*

Management concurs with this recommendation, but notes that improvements implemented since the audit was conducted address this recommendation. In July 2012, Consumer Response finalized the Consumer Data Access Policy to ensure that the CFPB grants access to personally identifiable information (PII) only to authorized personnel with a *bona fide* need to access that information. The policy applies to Consumer Response's case management system and any information derived therefrom. In August 2012, the Assistant Director of Consumer Response communicated this policy throughout the CFPB with instructions on how to comply with this policy by the August 23, 2012 deadline for submission of completed Data Access Request Forms. On August 24, 2012, access to the Consumer Response case management system was suspended for any existing users not in compliance with the policy.

*Recommendation 4: We recommend that the Assistant Director of the Consumer Response unit finalize and timely implement a comprehensive QA program.*

Management concurs with this recommendation, while noting that significant progress has been made since the audit was conducted. Consumer Response is pursuing a two-phase approach to implement and support a comprehensive quality assurance program across the complaint handling process.

As part of Phase 1, Consumer Response continues to strengthen the inline quality assurance functions within the Intake and Investigations sections, which are managed independently from line management. Both sections have hired or dedicated resources to lead the quality assurance functions and are in the process of expanding quality assurance capacity.

In Intake, the majority of quality assurance reviews are currently performed by Intake Team Leads using a quality assurance scorecard integrated into the case management system to evaluate consumer complaint accuracy and completeness. Intake Team Leads sample cases processed by Intake and contact center staff on a daily basis. In Investigations, the Investigations Regulatory Compliance Program Manager and two experienced staff perform intensive reviews on a dedicated basis. The team has updated its sampling approach, the scope of reviews, and the feedback documentation to focus these quality assurance efforts.

In Phase 2, the Product Management section will launch its program of ongoing, independent quality reviews of all core Consumer Response functions, including Intake, Investigations, Stakeholder Management, and Operations. A comprehensive quality assurance plan, including position descriptions for approved quality assurance vacancies is currently in progress.

*Recommendation 5: We recommend that the Assistant Director of the Consumer Response unit develop a process that consolidates all QA review results and that provides the capability to clearly identify the specific complaints reviewed and track the reviews by section.*

Management concurs that Consumer Response should consolidate the results of quality assurance reviews across sections and ensure that review results can be tracked back to the consumer complaint reviewed. Management notes that the results of all Intake and Investigations quality assurance consumer complaint reviews can be tracked to the consumer complaint. Quality assurance efforts related to call quality are performed via a separate system (EyeQ360), which assigns a unique identifier to each completed quality assurance scorecard that is not automatically associated with a complaint number. Consumer Response will continue to refine its approach to tracking quality assurance results to consumer complaints.

In the near- and mid-term, Consumer Response plans to regularly consolidate the results of quality assurance reviews across sections to provide a comprehensive view of quality assurance progress and emerging concerns. As Consumer Response implements a comprehensive quality assurance program, we will continue to revisit and revise how we consolidate the tracking of quality assurance review results.

## **Appendix 2—Principal Contributors to This Report**

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