



Report in Brief

June 15, 2020

Background

As required by the Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, Appendix C, "Requirements for Payment Integrity Improvement"—guidance focused on preventing improper payments—we initiated this review to determine whether the U.S. Department of Commerce (Department) complied with the Improper Payments Information Act of 2002 (IPIA), as amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA) and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA).

Broadly defined, *improper payments* are those the federal government has made for the wrong amount, to the wrong entity, or for the wrong reason. Congress enacted IPIA and requires agency management to plan and take actions to reduce such payments. It requires federal agencies to (1) identify programs and activities that may be susceptible to significant improper payments, (2) estimate the annual improper payment amounts for such programs and activities, and (3) report these estimates along with actions taken to reduce improper payments for programs and activities with estimates that exceed \$10 million. IPERA and IPERIA amended IPIA by expanding on these previous requirements and broadening recovery requirements for overpayments.

Why We Did This Review

Our review objective was to determine the Department's fiscal year (FY) 2019 compliance with IPIA. To accomplish our objective, we focused on the Department's efforts to identify and report programs and/or activities that are susceptible to significant improper payments.

OFFICE OF THE SECRETARY

FY 2019 Compliance with Improper Payment Requirements

OIG-20-029-I

WHAT WE FOUND

To comply with IPIA, the Department must adhere to the following six criteria, four of which relate specifically to programs and activities susceptible to significant improper payments:

1. Publish an *Agency Financial Report (AFR)* for the most recent fiscal year and post the report and any accompanying materials required by OMB on its website;
2. Conduct a program specific risk assessment for each program or activity not susceptible to significant improper payments at least once every 3 years;
3. Publish improper payment estimates for all programs and activities identified as susceptible to significant improper payments;
4. Publish programmatic corrective action plans in the *AFR* for all programs and activities identified as susceptible to significant improper payments;
5. Publish and meet annual reduction targets for each program assessed to be at risk and estimated for improper payments; and
6. Report a gross improper payment rate of less than 10 percent for each program and activity for which an improper payment estimate is obtained and published in the *AFR*.

Based on our review, we concluded that the Department complied with the compliance criteria. For additional details, a summarization of our conclusion is provided in table I.

Table I. Improper Payment Requirements

Program ^a	Compliance Criteria					
	Published the AFR	Conducted a Risk Assessment	Published Improper Payment Estimate	Published Corrective Action Plan	Published and Is Meeting Reduction Target	Reported an Improper Payment Rate of Less Than 10 Percent
National Telecommunications and Information Administration's State and Local Grant Implementation	Yes	Yes	Not Applicable (NA) ^b	NA ^b	NA ^b	NA ^b
National Technical Information Service's Collect and Disseminate Technical information – Clearinghouse Program	Yes	Yes	NA ^b	NA ^b	NA ^b	NA ^b
Office of the Secretary's Departmental Management	Yes	Yes	NA ^b	NA ^b	NA ^b	NA ^b

Source: OIG analysis of Departmental data

^a We assessed Departmental data related to the risk assessments completed for these programs. Additional program risk assessments were completed during FY 2019, as described in the *FY 2019 AFR*.

^b The Department was not required to report improper payment data for this program in FY 2019, as the Department's risk assessment process did not identify the program as susceptible to significant improper payments.