



# Report in Brief

June 3, 2019

## 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"—government-wide guidance focused on preventing improper payments—we initiated this review to determine whether the 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). We also reviewed whether the Department complied with applicable provisions of OMB Circular A-136 (revised July 30, 2018), and OMB Circular A-123, Appendix C, as amended by OMB Memorandum M-18-20.

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 to require 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 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 FY 2018 compliance with IPIA. In determining compliance, we also evaluated the accuracy and completeness of the Department's improper payment reporting in the FY 2018 AFR and its performance in reducing and recapturing improper payments.

## OFFICE OF THE SECRETARY

### FY 2018 Compliance with Improper Payment Requirements

OIG-19-013-I

## WHAT WE FOUND

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. Based on our review, we concluded that the Department complied with IPIA compliance criteria as summarized in the table below.

Additionally, our review did not identify any deficiencies regarding the accuracy or completeness of the improper payment reporting data described in the FY 2018 AFR or the Department's performance in reducing or recapturing improper payments.

### Improper Payment Requirements

Program	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
Disaster Relief Appropriation Act of 2013 Funding	Yes	Not Applicable (NA) <sup>a</sup>	NA <sup>b</sup>	NA <sup>b</sup>	NA <sup>b</sup>	NA <sup>b</sup>
Bipartisan Budget Act of 2018 Funding	Yes	NA <sup>a</sup>	NA <sup>c</sup>	NA <sup>c</sup>	NA <sup>c</sup>	NA <sup>c</sup>

Source: OIG analysis of Departmental data

<sup>a</sup> A risk assessment is not required for this program.

<sup>b</sup> The Department did not report improper payment related data because OMB approved the Department's request for relief from improper payment reporting for the Disaster Relief Appropriations Act of 2013 funding.

<sup>c</sup> The Department is not required to report improper payment data for this program in FY 2018. Per OMB Memorandum M-18-14, if the program expends more than \$10 million, an improper payment estimate will be reported in FY 2019.