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 Effective Estimation and Remediation of Improper Payments”—government-wide guidance on detecting and preventing improper payments—we initiated this review to determine whether the 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 August 2017), and OMB Circular A-123, Appendix C, as amended by OMB Memorandum M-15-02.

Broadly defined, improper payments (IPs) 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 IPs, (2) estimate IP amounts for such programs and activities, and (3) report these estimates along with actions taken to reduce IPs 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 objectives were to (1) evaluate the Department’s FY 2017 compliance with IPIA, as amended, and (2) review the accuracy and completeness of the Department’s improper payment reporting in the U.S. Department of Commerce FY 2017 Agency Financial Report (AFR).